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ABSTRACTS

Partition as a Solution to Ethnic War

An Empirical Critique of the Theoretical Literature

By NICHOLAS SAMBANIS

Theorists of ethnic conflict have argued that the physical separation of warring ethnic groups may be the only possible solution to civil war. They argue that without territorial partition and, if necessary, forced population movements the war cannot end and genocide is likely. Other scholars have counterargued that partition only replaces internal war with international war, that it creates undemocratic successor states, and that it generates tremendous human suffering. This debate has so far been informed by very few important case studies. This article uses a new data set on civil wars to identify the main determinants of war-related partitions and estimate their impact on democratization, on the probability that war will recur, and on low-level ethnic violence. This is the first large-N quantitative analysis of this topic, testing the propositions of partition theory and weighing heavily on the side of its critics. Most assertions of partition theorists fail to pass rigorous empirical tests. The article also identifies some determinants of democratization after civil war, as well as the determinants of recurring ethnic violence. These empirical findings are used to formulate an alternative proposal for ending ethnic violence.

Degrees of Democracy

Some Comparative Lessons from India

By PATRICK HELLER

This article draws on the case of India to address the question of democratization by exploring the dynamic interplay of the formal, effective, and substantive dimensions of democracy. Fifty-three years of almost uninterrupted democratic rule in India have done little to reduce the political, social, and economic marginalization of India's popular classes. Within India the state of Kerala stands out as an exception. Democratic institutions have effectively managed social conflict and have also helped secure substantive gains for subordinate classes. Kerala's departure from the national trajectory is located in historical patterns of social mobilization that coalesced around lower-class interests and produced forms of state-society engagement conducive to democratic deepening. Contrary to much of the transition literature, this case suggests that high levels of mobilization and redistributive demands have democracy-enhancing effects.

The Ideological Determinants of Liberal Economic Reform

The Case of Privatization

By HILARY APPEL

The empirical literature on mass privatization in the postcommunist context emphasizes the preferences and power of interest groups in order to account for the design of privatization. This approach has been consistent with mainstream theories of property rights formation that focus on the self-interested, rationally calculated pursuit of wealth and/or power as the motivation behind the development of new ownership arrangements. Absent from these theories, however, are the ideological and cognitive components in the creation of property rights systems. This lacuna is extremely problematic when considering the postcommunist privatization experience in which specific ideologies—such as anticommunism, liberalism, pro- or anti-Westernism, and nationalism—have profoundly influenced the particular form that new property institutions have taken. This article explores how ideology interacts with the distribution of power and the formation of material interests in society. After considering the shortcomings of strictly material-based theories of property regime change, the article suggests four mechanisms by which ideology determines the design and implementation of privatization programs in postcommunist countries.

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WHAT'S SO DIFFERENT ABOUT A COUNTERFACTUAL?
By RICHARD NED LEBOW

The author contends that the difference between so-called factual and counterfactual arguments is greatly exaggerated; it is one of degree, not of kind. Both arguments ultimately rest on the quality of their assumptions, the chain of logic linking causes to outcomes, and their consistency with available evidence. He critiques two recent historical works that make extensive use of counterfactuals and finds them seriously deficient in method and argument. He then reviews the criteria for counterfactual experimentation proposed by social scientists who have addressed this problem and finds many of their criteria unrealistic and overly restrictive. The methods of counterfactual experimentation need to be commensurate with the purposes for which it is used. The author discusses three uses for counterfactual arguments and thought experiments and proposes eight criteria appropriate to plausible-world counterfactuals.

UNDERSTANDING CHINA'S REFORM
LOOKING BEYOND NEOCLASSICAL EXPLANATIONS
By SHU-YUN MA

The relative success of post-Mao reform in China has raised a number of questions regarding the neoclassical perspective: How could China have achieved rapid economic growth without privatization? Why have Chinese officials not been resistant to market reform? What makes the Chinese state developmental rather than predatory? The four recent works reviewed in this article attempt to answer these questions by moving away from the neoclassical approach, yet none offers a better alternative. The search for the secret of China's economic "miracle" must be continued.

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ERRATA

The following table replaces Table 1 in Judith S. Kullberg and William Zimmerman, "Liberal Elites, Socialist Masses, and Problems of Russian Democracy," *World Politics* 51 (April 1999), 336.

TABLE 1
ELITE AND MASS ORIENTATIONS TO THE POLITICAL ECONOMY
(% AND NUMBER, IN THAT ORDER)

	Distribution Including All Respondents			
	1993 Elite	*1995 Elite*	*Mass Sample, European Russia, 1993*	*Mass Sample Russia,1995*
Liberal democrats	74.0	72.8	27.4	21.9
	(148)	(131)	(341)	(621)
Market authoritarians	5.0	5.6	7.2	5.8
	(10)	(10)	(89)	(164)
Social democrats	6.5	7.8	18.2	16.7
	(13)	(14)	(226)	(473)
Socialist authoritarians	4.5	3.9	14.8	13.7
	(9)	(7)	(184)	(388)
Ambivalent	7.0	9.4	16.7	27.4
	(14)	(17)	(207)	(779)
Unmobilized	3.0	.6	15.8	14.6
	(6)	(1)	(196)	(414)
	100	100	100	100
Total	(200)	(180)	(1,243)	(2,839)

	Distribution Excluding "Ambivalent" and "Unmobilized" Respondents			
	1993 Elite	*1995 Elite*	*Mass Sample, European Russia, 1993*	*Mass Sample Russia,1995*
Liberal democrats	82.2	80.9	40.6	37.7
	(148)	(131)	(341)	(621)
Market authoritarians	5.6	6.2	10.6	10.0
	(10)	(10)	(89)	(164)
Social democrats	7.2	8.6	26.9	28.7
	(13)	(14)	(226)	(473)
Socialist authoritarians	5.0	4.3	21.9	23.6
	(9)	(7)	(184)	(388)
	100	100	100	100
Total	(180)	(162)	(840)	(1,646)

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PARTITION AS A SOLUTION TO ETHNIC WAR
An Empirical Critique of the Theoretical Literature

By NICHOLAS SAMBANIS *

INTRODUCTION: THE THEORETICAL CASE FOR PARTITION

IN two influential articles Chaim Kaufmann elaborated a set of hypotheses on the usefulness of partition as a solution to ethnic civil war, building on the arguments of John Mearsheimer and Stephen Van Evera.[1] Before them, a first wave of theorists had considered the benefits and costs of partition. A prominent theorist, Donald Horowitz, suggested that

> if the short run is so problematical, if the constraints on policy innovation are many, if even grand statements need patchwork readjustment, perhaps it is a mistake to seek accommodation among the antagonists. If it is impossible for groups to live together in a heterogeneous state, perhaps it is better for them to live apart in more than one homogeneous state, even if this necessitates population transfers. Separating the antagonists—partition—is an option increasingly recommended for consideration where groups are territorially concentrated. [2]

It is hard to argue with such a statement. Assuming that "the constraints of policy innovation" and "the short run" can be accurately measured ex ante, it would be easy to recommend partition for some

* I thank Michael Doyle, Jeff Herbst, Chris Paxson, Russell Leng, George Tsebelis, Philippos Savvides, and three anonymous referees for their very useful comments and suggestions. This article is part of a World Bank project on "The Economics of Political and Criminal Violence." The opinions and any errors in this paper are the author's and they do not necessarily reflect the views of the World Bank, its executive directors, or the countries they represent.

[1] Chaim Kaufmann, "Possible and Impossible Solutions to Ethnic Civil Wars," *International Security* 20 (Spring 1996); idem, "When All Else Fails," *International Security* 23 (Fall 1998); John J. Mearsheimer and Stephen Van Evera, "When Peace Means War," *New Republic* (December 1995).

[2] Donald L. Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 1985), 588. See also Arend Lijphart, *Democracy in Plural Societies* (New Haven: Yale University Press, 1977), 44–47; Robert A. Dahl, *Polyarchy: Participation and Opposition* (New Haven: Yale University Press, 1971), 121; and Samuel P. Huntington, "Civil Violence and the Process of Development," *Adelphi Paper* no. 83 (London: International Institute for Strategic Studies, 1971), 14. Horowitz also discusses dangers of partition (pp. 588–91).

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countries while trying to patch up others. However, neither the first nor the second wave of theorists was able to produce operational criteria for applying the theory consistently across cases.

Despite this lack of operational applicability and clarity, partition theory, with its intuitive appeal, has been shaping scholarly and policy opinion on how to end ethnic civil wars. To help policymakers make informed decisions about the usefulness of partition as a strategy to end civil war, I compiled a new data set of all civil wars in the post–World War II era and used that data set to empirically test the set of hypotheses that constitute partition theory.

I focus on the second wave of partition theorists, who have had the greatest impact on the debate. According to them, ethnic violence implies that civil politics cannot be restored unless "ethnic groups are demographically separated into defensible enclaves. . . . Solutions that aim at restoring multi-ethnic civil politics and at avoiding population transfers—such as power-sharing, state re-building, or identity reconstruction—cannot work because they do nothing to dampen the security dilemma."[3]

The so-called security dilemma lies at the core of partition theory. The dilemma in its purest form arises when one community faces a distrustful other and one's actions to increase one's own security are perceived as threatening the security of others.[4] Posen argues that this dynamic is intensified when the opponents belong to different ethnic groups.[5] Ethnic civil wars, argue partition theorists, are characterized by strong and fixed identities, by weak ideological and strong religious overtones, by the dissemination of tales of atrocities to strengthen mobilization, and by easy recognition of identities and the existence of only limited scope for individual choice. Therefore, once war starts, the theory goes, all members of the group must be mobilized because other ethnic groups will inevitably recognize them as enemies.[6] This inescapable destiny reinforces the dynamics of war and must lead to partition, since "once ethnic groups are mobilized for war, the war cannot end until the populations are separated into defensible, mostly homogeneous regions. . . . Ethnic separation . . . allows . . . cleansing and rescue imperatives [to] disappear; war is no longer mandatory."[7]

[3] Kaufmann (fn. 1, 1996), 137, 139.

[4] See Robert Jervis, "Cooperation under the Security Dilemma," *World Politics* 30 (January 1978). Such suspicion and fear would be supported by actual or perceived state collapse, which transforms the domestic political environment into a near anarchic environment.

[5] Barry Posen, "The Security Dilemma and Ethnic Conflict," *Survival* 35 (Spring 1993).

[6] Kaufmann (fn. 1, 1996), 139–47.

[7] Ibid., 150.

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However intuitive that reasoning may be, it is nothing more than a series of unsubstantiated assertions. Beyond a handful of self-selected cases, partition theorists have not presented proof that partition is the only viable and credible solution to ethnic civil war. They have not even proven that partition outperforms other war outcomes in terms of peace-building potential. The theory is indeed plausible under strict assumptions, but are these assumptions realistic?

This paper poses a serious challenge to partition theorists by providing a rigorous test of the theory with a comparison of post–civil war realities in both partitioned and nonpartitioned states. It focuses on countries that have experienced civil war; it does not consider cases of peaceful partition.[8] I begin by summarizing other authors' critiques of partition theory in the next section. I then identify the main determinants of war-related partition and test the three core hypotheses of partition theory: (1) that partitions facilitate postwar democratization; (2) that they prevent war recurrence; and (3) that they significantly reduce residual low-level ethnic violence. My tests lead me to reject the most critical tenets of partition theory. I find that partitions do not help prevent recurrence of ethnic war and that they may not even be necessary to stop low-level ethnic violence. Although it may seem like a clean and easy solution, partition fares no better than other outcomes of ethnic civil war. I turn now to a summary of the debate.

Rebuttals and Counterrebuttals: The State of the Debate on Partition

The suggestion that populations must be forcibly separated to prevent them from killing each other has inspired both approval and criticism. The most significant criticism is that partition may be too limiting a

[8] Partition theorists also approach the problem in this way: they do not discuss partition as a preventive measure before war occurs but rather analyze it as a strategy to end civil war after it occurs—"when all else fails," as Kaufman (fn. 1, 1998) puts it. Peaceful partitions therefore cannot offer any information on my main research question—war recurrence—since a war is a necessary precondition for war recurrence. My research design is therefore the equivalent of a biostatistician's inquiry into the effects of medical treatment for illness: suffering from that illness is a precondition for inclusion in the study. Studying the relationship between initial war occurrence and partition would be an interesting extension of my study. The research question would have to be reformulated, as would the data set. The dependent variable could no longer be war recurrence or residual violence and one would need a theory of civil war occurrence that included partition as a potentially important determinant of civil war (or civil peace). Such a study would analyze a random sample of countries (or the entire population of countries) and would have to include both countries that experienced war and countries that were at peace. To identify whether partition causes war, one could code a binary variable denoting if the country was partitioned and use it as a regressor in a model of the onset of war. Alternatively, one could estimate two separate regressions on partitioned and nonpartitioned countries and compare the coefficients. In terms of the medical research example above, this study would effectively ask: how does factor x affect one's chances of becoming ill?

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solution and that ethnic cooperation may be possible even after civil war, facilitated by both ethnic diffusion and third-party security guarantees.[9] Some say that partition is also too severe a solution, as forced population movements cause tremendous human suffering and violate important human rights.[10] The process of partition may also create undemocratic successor states, which would be likely to repress their residual minorities much as their predecessors did.[11] This is important because successor states will rarely be ethnically homogeneous and may incorporate new ethnic antagonisms.[12] Moreover, partition does not resolve underlying ethnic rivalry, so civil wars that end in partition could be transformed into interstate wars between predecessor and successor states.[13] Finally, endorsing some partitions may encourage partition movements elsewhere, leading to new wars.[14]

The debate between partition theorists and their critics is ongoing, although some of the critiques listed above have been settled or are close to being settled in the literature. Below, I summarize the status of three important arguments.

Successful Ethnic Partitions Do Not Encourage Partition Movements Elsewhere

Critics have argued that support by the international community for partition in a few countries would encourage partitions elsewhere. Kaufman, however, has rebutted this criticism by arguing that the uncertainty and extreme costs of civil war would discourage the initiation of partition movements unless such movements are inevitable for domestic political reasons.[15] That position is partially supported by a set of analyses of the "international spread of ethnic conflict" which suggests that cross-country contagion effects of ethnic partition movements are rare.[16]

[9] On ethnic diffusion cooperation, see Daniel L. Byman, "Divided They Stand: Lessons about Partition from Iraq and Lebanon," *Security Studies* 7 (Autumn 1997). On security guarantees and ethnic war termination, see Barbara F. Walter, "The Critical Barrier to Civil War Settlement," *International Organization* 51 (Summer 1997). Neither Byman nor Walter is a critic of partition theory (Byman in fact supports partition under certain conditions). Some of their arguments, however, can be read as indirect critiques of the theory.

[10] Radha Kumar, "The Troubled History of Partition," *Foreign Affairs* 76 (January–February 1997).

[11] Ibid.; see also Amitai Etzioni, "The Evils of Self-Determination," *Foreign Policy* 89 (Winter 1992–93); and Robert Schaeffer, *Warpaths: The Politics of Partition* (New York: Hill and Wang, 1990).

[12] Byman (fn. 9).

[13] Ibid.; and Schaeffer (fn. 11).

[14] Etzioni (fn. 11); Allen Buchanan "Self-Determination and the Right to Secede," *Journal of International Affairs* 45 (Winter 1992).

[15] Kaufman (fn. 1, 1998).

[16] David A. Lake and Donald Rothchild, eds., *The International Spread of Ethnic Conflicts* (Princeton: Princeton University Press, 1998). More research is needed to fully appreciate the impact of historical examples and of precedential reasoning in ethnic conflict.

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Successor States May Also Incorporate Ethnic Conflict

According to partition theorists, the success of partition depends on the demographic reorganization of the new territories and on the absence of militarily significant minorities in the new states. However, successor states in most actual cases of partition are not ethnically pure. Hence, this core premise of partition theory may be unrealistic.[17] To quote Horowitz:

> The linchpin of all the arguments [for partition] is the assumption that the probable outcome of secession and partition will be more homogeneous states and, concomitantly, a lower ethnic conflict level. If the assumption were correct, the conclusion would follow. *But the assumption is wrong: the only thing secession and partition are unlikely to produce is ethnically homogeneous or harmonious states.*[18]

Furthermore, even if successor states were homogeneous, the mobilization perspective of ethnic conflict would suggest that, unless partition is accompanied by regime or leadership reform, there is no guarantee that ethnic groups in successor states will not be mobilized into another war against residual minorities.[19] So again the theory's claims depend critically on unrealistic premises about the ethnic composition and political institutions of successor and predecessor states.

This last point is related to the theory's dependence on the concept of the security dilemma, which ignores the fact that conflict is often due not to the defensive security needs of ethnic groups but rather to the "predatory" goals of their leaders. It is worth noting that even the "father" of the concept of the security dilemma—Robert Jervis—has acknowledged that in most contemporary civil conflicts there are not only security motives but also predatory ones. It follows that partition will not resolve the security dilemma of the partitioned ethnic groups if it exacerbates the "predatory" incentives of predecessor states.[20] Yugoslavia's recurrent wars are a case in point.

[17] See Horowitz (fn. 2), 588–91 and chaps. 2, 6.

[18] Ibid., 589, emphasis added.

[19] See, among others, David A. Lake and Donald Rothchild, "Containing Fear: The Origins and Management of Ethnic Conflict," *International Security* 21 (Fall 1996); V. P. Gagnon, "Ethnic Nationalism and International Conflict: The Case of Serbia," *International Security* 19 (Winter 1995); Rui J. P. de Figueiredo and Barry R. Weingast, "The Rationality of Fear: Political Opportunism and Ethnic Conflict," in Barbara Walter and Jack Snyder, eds., *Civil Wars, Insecurity, and Intervention* (New York: Columbia University Press, 1999).

[20] David Laitin, "Somalia: Civil War and International Intervention," in Walter and Snyder (fn. 19); and Jack Snyder and Robert Jervis "Civil War and the Security Dilemma," in Walter and Snyder (fn. 19), 19–24.

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Ethnic Cooperation Is Possible without Partition

There can be many ways to resolve the security dilemma.[21] Noncooperative game theory identifies a number of conditions under which a mutually beneficial Nash equilibrium can be achieved between parties whose preferences are, first, to cheat their opponent into cooperating while they defect and, second, to mutually cooperate rather than mutually defect—preferences such as those characterizing many ethnic conflicts. Perspectives on international negotiation have also suggested that the parties can cooperate if they negotiate a solution to "delegate to neutral authorities."[22] If negotiation is a viable option, it may be possible to reach an internationally or regionally brokered agreement that addresses the conflict's underlying causes.[23]

The problem with these solutions is that they may not be credible, which reinforces the security dilemma.[24] Thus, argues Walter, civil wars tend not to end in negotiated settlements, and a settlement will hold only when external security guarantees are available.[25] However, it need not follow that all peace agreements and institutional solutions to ethnic conflict are noncredible. Only the warring parties can gauge ex ante whether an institutional framework designed to end the war will be successful because they know their opponents and can estimate the probability that the peace process will fail.[26] Also, partition, which is allegedly credible because it redraws national borders to resolve the minority's security dilemma, is as vulnerable to the credibility argument as any other solution, since only robust external security guarantees can credibly prevent predatory predecessor states from restarting the war against successor states.

What if there is no decisive end to the war (such as a military victory) and ethnic competition persists, threatening the possibility of new violence? The rationalist perspective on war would suggest that the war should have resolved any uncertainty about relative resolve and power that might have led to war in the first place. Thus, miscalculations

[21] I do not develop a theory of ethnic cooperation in this paper. I only summarize relevant theoretical arguments to frame my empirical analysis. Thus, this section is not designed to resolve all doubt about the possibility of ethnic cooperation after civil war.

[22] Snyder and Jervis (fn. 20), 18. On power sharing, see Timothy Sisk, *Power Sharing and International Mediation in Ethnic Conflicts* (Washington, D.C: United States Institute of Peace, 1996).

[23] Lake and Rothschild (fn. 19).

[24] Snyder and Jervis (fn. 20).

[25] In Walter's (fn. 9) argument, the security dilemma depends on an asymmetry of power between the government and rebels. Walter notes that *credible* external security guarantees are effective, though difficult. The difficulty in proving the credibility of the third party's commitment amounts to indirect support for the partition thesis, though only if partition is proven to be more credible and less difficult to implement than a brokered settlement.

[26] De Figueredo and Weingast (fn. 19).

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would be less likely after the first war and rational parties would prefer not to start a new war regardless of the first war's outcome.[27] This could change, however, as the parties' relative capabilities change over time. So one way for the international community to enable stable peace is to preserve the military balance that follows the end of the war. An alternative, which could work better in some situations, is to create a regional hegemon responsible for regional peace.[28]

Finally, cooperation among ethnic groups may be possible if ethnic diffusion increases as a result of the war, that is, if the opposite of partition takes place. Byman has suggested that increased ethnic diffusion may mitigate the security dilemma, since it would reduce the probability that a single ethnic group could become politically and militarily dominant. His argument derives from the theoretical literature on international alliances and posits that ethnic "balancing" against threatening groups is both possible and stabilizing.[29] This hypothesis has yet to be tested, but it is relevant to note that a budding political economy literature on civil wars has identified a parabolic relationship between ethnic fragmentation and the probability of civil war; that is, the probability of civil war drops significantly at very high levels of ethnic diversity and it is greatest in ethnically polarized societies, which seems to support Byman's hypothesis.[30] The question that partition theorists raise is slightly different, however: can ethnic diversity reduce the risk of war recurrence after the first war ends? I answer this question in later sections.

Taking Sides: New Data and New Empirical Tests of Partition Theory

The four most important questions in partition theory are still unresolved. (1) What are the main determinants of partition? (2) Does par-

[27] The rationalist school is well represented by Geoffrey Blainey, *The Causes of War* (New York: Free Press, 1973); and James Fearon, "Rationalist Explanations for War," *International Organization* 49 (Summer 1995). War should reveal any private information about relative power and resolve, making it less rational for parties to resort to war again rather than to strike a more efficient bargain short of war. That said, we should also consider other explanations of war and weigh them against this argument.

[28] Snyder and Jervis (fn. 20); and Laitin (fn. 20).

[29] Byman (fn. 9). This argument can backfire. Ethnic balancing can also paralyze the state. For such an argument, see Harrison Wagner, "The Causes of Peace," in Roy Licklider, ed., *Stopping the Killing* (New York: New York University Press, 1993). Wagner argues that because military victory results in unitary political systems, it will be more stable than any peace agreement based on ethnic balancing. Indeed, the occurrence of an ethnic war suggests a precedent of failed ethnic balancing. In this paper, I present empirical results about the relationship of ethnicity to postwar violence, but that relationship also demands better theorizing.

[30] See, e.g., Paul Collier, Ibrahim Elbadawi, and Nicholas Sambanis, "How Much War Will We See? Estimating the Probability of Civil War in 161 Countries" (Manuscript, World Bank, February 2000).

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tition create democratic or undemocratic states? (3) Does partition prevent war recurrence? And (4) does partition end low-level ethnic violence (that is, violence short of war)?

To answer these questions, I have compiled a new cross-sectional data set of all civil wars since 1944. The unit of observation is a civil war. The analysis focuses on wars that have been over for at least two years at the time of writing, but also included are eight ongoing wars to capture the partition theorists' interest in partition as a way of ending ongoing wars.[31]

A civil war is defined as an armed conflict that has (1) caused more than one thousand deaths; (2) challenged the sovereignty of an internationally recognized state; (3) occurred within the recognized boundaries of that state; (4) involved the state as one of the principal combatants; (5) included rebels with the ability to mount an organized opposition; and (6) involved parties concerned with the prospect of living together in the same political unit after the end of the war.[32] This definition allows me to combine wars from several data sets.[33] Detailed

[31] Dropping those cases did not affect any of the results presented in later sections.

[32] This definition is nearly identical to the definition of a civil war in J. David Singer and Melvin Small, *Correlates of War Project: International and Civil War Data, 1816–1992* (Ann Arbor, Mich.: ICPSR, 1994); idem, *Resort to Arms* (Beverly Hills, Calif.: Sage Publications, 1982); and Roy Licklider, "The Consequences of Negotiated Settlements in Civil Wars, 1945–1993," *American Political Science Review* 89 (September 1995). Unlike them, my coding of wars does not presume one thousand deaths per year, but rather uses the one thousand deaths as the threshold for the entire war. In fact, however, most of my cases have caused one thousand deaths annually. My coding decision was based on the arbitrariness of setting one thousand as the annual death criterion and on the lack of available data on annual deaths in the Correlates of War project. Indeed, the codebook of the ICPSR study, which includes the international and civil war data files for the Correlates of War Project, does not mention an annual death threshold and no annual death data are made available by the authors.

[33] My sources for coding wars include Singer and Small (fn. 32, 1994); Licklider (fn. 32); idem (fn. 29); Peter Wallensteen and Margareta Sollenberg, "Armed Conflicts, Conflict Termination, and Peace Agreements, 1989–1996," *Journal of Peace Research* 34, no. 3 (1997); Daniel C. Esty et al., "The State Failure Project: Early Warning Research for US Foreign Policy Planning," in John L. Davies and Ted Robert Gurr, eds., *Preventive Measures: Building Risk Assessment and Crisis Early Warning Systems* (Boulder, Colo., and Totowa, N.J.: Rowman and Littlefield, 1998); David Mason and Patrick Fett, "How Civil Wars End: A Rational Choice Approach," *Journal of Conflict Resolution* 40 (December 1996); Patrick Regan, "Conditions for Successful Third Party Interventions," *Journal of Conflict Resolution* 40, no. 1 (1996); Walter (fn. 9); SIPRI, *SIPRI Yearbook* (http://editors.sipri.se/pubs/yearb.html); Human Rights Watch, *World Report* (New York and Washington, D.C.: Human Rights Watch, various years). Secondary texts consulted include Robert I. Rotberg, ed., *Burma: Prospects for a Democratic Future* (Washington, D.C.: Brookings Institution, 1998); Martin Stuart-Fox, *A History of Laos* (Cambridge: Cambridge University Press, 1998); David Callahan, *Unwinnable Wars* (New York: Hill and Wang, 1997); John O. Iatrides, "The Doomed Revolution: Communist Insurgency in Postwar Greece," in Licklider (fn. 29); Michael W. Doyle, Robert Orr, and Ian Johnstone, eds., *Keeping the Peace* (Cambridge: Cambridge University Press, 1997); Francis M. Deng, *War of Visions: Conflict of Identities in the Sudan* (Washington, D.C.: Brookings Institution, 1999); David McDowall, *A Modern History of the Kurds* (New York: St. Martin's Press, 1996); and Nicholas Sambanis, "United Nations Peacekeeping in Theory and in Cyprus: New Conceptual Approaches and Interpretations" (Ph.D. diss., Princeton University, 1999). The most important difference between my coding and that of others concerns the periodization of wars. I have broken what is a single observation of war in other data

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documentation on my coding and sources for all the variables in the data set is available online.[34]

Definition of Partition

The variable denoting partition, PART, is binary and equals 1 if an event of partition is observed and 0 otherwise. Partition is defined as a war outcome that involves both border adjustment and demographic changes. This is a broad definition that differs slightly from Kaufmann's. To justify a narrower definition of partition, Kaufmann wrote that "we should focus on partition rather than secession . . . to assess whether international intervention reduces or increases the costs of ethnic conflict."[35] He then defined partitions as "separations jointly decided upon by the responsible powers: either agreed between the two sides (and not under pressure of imminent military victory by one side), or imposed on both sides by a stronger third party . . . [and he defined] secessions as new states created by the unilateral action of a rebellious ethnic group."[36]

I do not find the narrow definition convincing or useful, given that the far-reaching implications of partition theory affect secessions and partitions equally in the minds of most policymakers and academics. Moreover, the narrow definition reclassifies as secessions certain cases that Kaufmann originally treated as partitions.[37] Finally, this definition does not justify the inclusion of some of the partitions included on Kaufmann's own list.[38] An example is Cyprus, which Kaufmann correctly—though for the wrong reasons—classifies as a de facto partition.[39] The 1974 partition of Cyprus was neither the outcome of an agreement nor an imposition by a third party, as the narrow definition would have it. Rather, it was the result of military victory by the Turkish side.[40]

Given these problems with the narrow definition, I use the broader definition, combining cases of partition and secession listed in Kauf-

sets into more than one observation; or, conversely, I have collapsed two or more observations in one by uniformly applying this rule: a war is coded as a single observation if the parties and issues are the same, if the war events are not separated by a substantial period of nonviolence, and/or if the parties sign a peace agreement or agree to a major truce.

[34] The document can be downloaded from http://www.worldbank.org/research/conflict/data.htm.

[35] Kaufmann (fn. 1, 1998), 125.

[36] See Kaufmann (fn. 1, 1998), 125, fn. 21.

[37] Kaufmann (fn. 1, 1996).

[38] Kauffman (fn. 1, 1998).

[39] Ibid.

[40] It is well known to scholars of the Cyprus problem that Turkey and the Turkish Cypriots constituted and acted as a single party both during the violent part of that conflict (1963–74) and during the subsequent negotiation phases; see Sambanis (fn. 33).

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mann's two articles.[41] I also add cases that satisfy my definition but are not on Kaufmann's list.[42] Table 1 lists all civil wars and partitions in my data set, sorted by country name, war start/end dates, the type of war, war recurrence, and lower-level violence outcomes.[43]

In my analysis of democratization, war termination, and low-level political violence I use explanatory variables that other authors have identified as significant for those events. These variables are important both for the theory of partition and for use as controls in subsequent empirical tests. Table 2 presents summary statistics for all variables and explains what each one measures. Table 3 presents a correlation matrix with the most important variables used in the analysis.

I now turn to the question of the determinants of partition.

Main Determinants of Partition

My data set includes 125 civil wars, which produced 21 partitions.[44] Using the entire data set (which includes six right-truncated wars), I estimated probit models of the incidence of partition, selecting the explanatory variables on the basis of theory developed in the literature on civil war.[45] I want to test whether some of the same variables that either cause or terminate civil wars are also significant determinants of war-related partition.

I make the following testable hypotheses: Following the reasoning of partition theorists, I hypothesize that WARTYPE (ethnic/religious rather than ideological war) should be positively associated with parti-

[41] Kaufmann (fn.1, 1996 and 1998). Other studies also use the broad definition, given that the distinction between secession and partition seems artificial. See, among others, Horowitz (fn. 2); and Alexis Heraclides, *The Self-Determination of Minorities in International Politics* (Portland: Frank Cass, 1991); both use the terms partition and secession interchangeably.

[42] I consider only post–World War II cases because of the paucity of economic data from before 1945. Thus, I exclude the partition of Ireland. Cases of peaceful partition are also excluded, for example, Macedonia (1992), Czechoslovakia (1993), and Singapore (1965). I exclude one case (Iraq) that I believe was erroneously classified as a partition in Kaufmann (fn. 1, 1998). I exclude Iraq (1991) because there is no recognized, functional, or even autonomous Iraqi Kurdistan and the territory and its population would have been within reach of the Iraqi military had it not been for the U.S.-enforced no-fly zone.

[43] My coding of cases of partition incorporated suggestions made by anonymous referees.

[44] One might argue that the "real" number of partitions is smaller, since several of them occurred in either the former Yugoslavia or the former USSR. This would imply that these partitions may not be independent of one another. Thus, I cluster all same-country observations in my statistical analysis, relaxing the assumption of independence for those observations and allowing for nonconstant variance within clusters.

[45] See, for example, Paul Collier and Anke Hoeffler, "Justice-Seeking and Loot-Seeking in Civil War" (Manuscript, World Bank, February 1999); Michael W. Doyle and Nicholas Sambanis, "International Peacebuilding: A Theoretical and Quantitative Analysis" (Manuscript, Princeton University and the World Bank, February 2000); Paul Collier, "On the Economic Consequences of Civil War," *Oxford Economic Papers* 51 (1998); and Mason and Fett (fn. 33).

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TABLE 1
CIVIL WARS BY YEAR AND TYPE, PARTITIONS, WAR RECURRENCE, AND LOW-LEVEL VIOLENCE

Country Name Where Civil War Took Place	*Year War Started*	*Year War Ended*	*Did War End for 2 years?*	*Did Residual Violence End for 2 years?*	*Was There a Partition?*	*Type of War (Identity or Not?)*
Afghanistan	1978	1992	no	no	no	ideology/other
Afghanistan	1993	ongoing	no	no	no	ethnic/religious
Algeria	1962	1963	yes	yes	no	ideology/other
Algeria	1992	1997	no	no	no	ethnic/religious
Angola	1975	1991	no	no	no	ethnic/religious
Angola	1992	ongoing	no	no	no	ethnic/religious
Argentina	1955	1955	yes	yes	no	ideology/other
Azerbaijan	1988	1996	yes	yes	yes	ethnic/religious
Bangladesh	1973	1994	yes	yes	no	ethnic/religious
Bolivia	1952	1952	yes	yes	no	ideology/other
Burma	1948	1951	yes	no	no	ideology/other
Burma	1968	1982	no	no	no	ethnic/religious
Burma	1983	1995	yes	no	no	ethnic/religious
Burundi	1965	1969	yes	no	no	ethnic/religious
Burundi	1972	1973	yes	yes	no	ethnic/religious
Burundi	1988	1988	no	no	no	ethnic/religious
Burundi	1991	ongoing	no	no	no	ethnic/religious
Cambodia	1970	1975	yes	no	no	ideology/other
Cambodia	1979	1991	yes	yes	no	ideology/other
Central African Rep	1995	1997	yes	yes	no	ideology/other
Chad	1965	1979	no	no	no	ethnic/religious
Chad	1980	1994	yes	yes	no	ethnic/religious
China	1967	1968	yes	no	no	ethnic/religious
China-Taiwan	1947	1947	yes	no	yes	ideology/other
China-Tibet	1950	1951	yes	no	no	ethnic/religious
Colombia	1948	1962	yes	yes	no	ideology/other
Colombia	1978	ongoing	no	no	no	ideology/other
Congo Brazzaville	1992	1996	no	no	no	ideology/other
Congo/Zaire	1967	1967	yes	yes	no	ethnic/religious
Congo/Zaire	1975	1979	yes	no	no	ethnic/religious
Congo/Zaire	1960	1965	no	no	no	ethnic/religious
Congo/Zaire	1996	1997	no	no	no	ethnic/religious
Costa Rica	1948	1948	yes	yes	no	ideology/other
Cuba	1958	1959	yes	no	no	ideology/other
Cyprus	1963	1964	no	no	yes	ethnic/religious
Cyprus	1974	1974	yes	yes	yes	ethnic/religious
Djibouti	1991	1995	yes	yes	no	ideology/other
Dominican Rep.	1965	1965	yes	yes	no	ideology/other
El Salvador	1979	1992	yes	yes	no	ideology/other
Ethiopia/Eritrea	1974	1991	yes	yes	yes	ethnic/religious
Ethiopia	1977	1985	yes	no	no	ethnic/religious
Ethiopia	1974	1991	yes	yes	no	ideology/other

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TABLE 1 *(cont.)*

Country Name Where Civil War Took Place	*Year War Started*	*Year War Ended*	*Did War End for 2 years?*	*Did Residual Violence End for 2 years?*	*Was There a Partition?*	*Type of War (Identity or Not?)*
Georgia	1991	1993	yes	yes	yes	ethnic/religious
Georgia	1992	1994	yes	yes	yes	ethnic/religious
Greece	1944	1949	yes	yes	no	ideology/other
Guatemala	1954	1954	yes	yes	no	ideology/other
Guatemala	1966	1972	no	no	no	ethnic/religious
Guatemala	1974	1994	yes	yes	no	ethnic/religious
Haiti	1991	1994	no	no	no	ideology/other
Haiti	1995	1996	yes	yes	no	ideology/other
India	1946	1948	yes	yes	yes	ethnic/religious
India	1965	1965	yes	no	yes	ethnic/religious
India	1984	1994	yes	yes	no	ethnic/religious
India	1989	1994	yes	no	yes	ethnic/religious
Indonesia	1956	1960	yes	no	no	ideology/other
Indonesia	1986	1986	yes	yes	no	ethnic/religious
Indonesia	1950	1950	no	no	no	ethnic/religious
Indonesia	1953	1953	no	no	no	ethnic/religious
Indonesia	1975	1982	yes	no	no	ethnic/religious
Iran	1978	1979	no	no	no	ideology/other
Iran	1981	1982	yes	no	no	ethnic/religious
Iraq	1959	1959	no	no	no	ethnic/religious
Iraq	1961	1975	yes	no	no	ethnic/religious
Iraq	1988	1994	yes	no	no	ethnic/religious
Iraq	1991	1994	yes	no	no	ethnic/religious
Israel/Palestine	1947	1949	no	no	yes	ethnic/religious
Israel	1950	1994	yes	yes	no	ethnic/religious
Jordan	1971	1971	yes	yes	no	ethnic/religious
Kenya	1991	1993	yes	no	no	ethnic/religious
Korea	1950	1953	yes	yes	yes	ideology/other
Laos	1960	1975	yes	no	no	ideology/other
Lebanon	1958	1958	yes	yes	no	ethnic/religious
Lebanon	1975	1978	yes	no	no	ethnic/religious
Lebanon	1982	1992	yes	no	no	ethnic/religious
Liberia	1989	1992	no	no	no	ideology/other
Liberia	1993	1996	yes	no	no	ideology/other
Malaysia	1948	1959	yes	yes	no	ideology/other
Mali	1990	1995	yes	yes	no	ethnic/religious
Mexico	1992	1994	yes	yes	no	ethnic/religious
Moldova	1992	1994	yes	no	yes	ethnic/religious
Morocco/ W. Sahara	1975	1989	yes	yes	no	ethnic/religious
Mozambique	1979	1992	yes	yes	no	ideology/other
Namibia	1965	1989	yes	yes	no	ethnic/religious
Nicaragua	1978	1979	no	no	no	ideology/other
Nicaragua	1981	1989	yes	yes	no	ideology/other

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TABLE 1 *(cont.)*

Country Name Where Civil War Took Place	*Year War Started*	*Year War Ended*	*Did War End for 2 years?*	*Did Residual Violence End for 2 years?*	*Was There a Partition?*	*Type of War (Identity or Not?)*
Nigeria	1967	1970	yes	yes	no	ethnic/religious
Nigeria	1980	1984	yes	no	no	ethnic/religious
Northern Ireland	1968	1994	yes	yes	no	ethnic/religious
Pakistan	1971	1971	yes	yes	yes	ethnic/religious
Pakistan	1973	1977	yes	no	no	ethnic/religious
Papua New Guinea	1988	1991	yes	no	no	ethnic/religious
Paraguay	1947	1947	yes	yes	no	ethnic/religious
Peru	1980	1996	yes	no	no	ideology/other
Philippines	1950	1952	yes	yes	no	ideology/other
Philippines	1972	1996	yes	no	no	ethnic/religious
Philippines	1972	1992	yes	no	no	ideology/other
Romania	1989	1989	yes	yes	no	ideology/other
Russia/Chechnya	1994	1996	no	no	yes	ethnic/religious
Rwanda	1963	1964	yes	no	no	ethnic/religious
Rwanda	1990	1994	yes	yes	no	ethnic/religious
Sierra Leone	1991	1996	no	no	no	ideology/other
Somalia	1988	1991	no	no	yes	ethnic/religious
Somalia	1992	ongoing	no	no	no	ethnic/religious
South Africa	1976	1994	yes	yes	no	ethnic/religious
Sri Lanka	1971	1971	yes	yes	no	ideology/other
Sri Lanka	1987	1989	yes	yes	no	ideology/other
Sri Lanka	1983	ongoing	no	no	no	ethnic/religious
Sudan	1963	1972	yes	yes	no	ethnic/religious
Sudan	1983	ongoing	no	no	no	ethnic/religious
Tajikistan	1992	1994	yes	no	yes	ethnic/religious
Thailand	1967	1985	yes	yes	no	ethnic/religious
Turkey	1984	ongoing	no	no	no	ethnic/religious
Uganda	1966	1966	yes	yes	no	ethnic/religious
Uganda	1978	1979	no	no	no	ideology/other
Uganda	1980	1986	yes	no	no	ethnic/religious
Vietnam Rep.	1960	1975	yes	yes	yes	ideology/other
Yemen	1948	1948	yes	yes	no	ideology/other
Yemen	1994	1994	yes	yes	no	ideology/other
Yemen, North	1962	1969	yes	yes	no	ideology/other
Yemen, South	1986	1987	yes	yes	no	ideology/other
Yugoslavia/Bosnia	1992	1995	yes	yes	yes	ethnic/religious
Yugoslavia/Croatia	1991	1991	no	no	yes	ethnic/religious
Yugoslavia/Croatia	1995	1995	yes	yes	yes	ethnic/religious
Zimbabwe/ Rhodesia	1972	1980	yes	no	no	ethnic/religious
Zimbabwe	1984	1984	yes	yes	no	ethnic/religious

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TABLE 2
SUMMARY STATISTICS OF VARIABLES USED IN THE ANALYSIS

Variable	*Proxy for*	*Obs.*	*Mean*	*Std. Dev.*	*Min*	*Max*
WAREND2	did the war end for 2 years?	125	0.744	0.438178	0	1
WAREND5	did the war end for 5 years?	114	0.745614	0.437438	0	1
NOVIOL2	2 years without low violence?	125	0.472	0.501224	0	1
NOVIOL5	5 years without low violence?	114	0.5	0.502208	0	1
PARTV2	is this a partitioned country?	125	0.168	0.375371	0	1
LOGCOST	log of deaths & displacements	124	11.93372	2.412293	6.907755	15.67181
LOGDEAD	log of deaths; battle & civilian	124	10.2669	2.093265	6.214608	14.91412
INTENSE	human cost per capita per month	124	0.005733	0.020525	4.83E-07	0.161202
OUTCOME2	how did the war end?	125	2.192	1.348213	0	4
TREATY	was a treaty signed?	125	0.28	0.450806	0	1
VREBEL	did the rebels win a victory?	125	0.216	0.41317	0	1
TRUCE	did the war end in a truce?	125	0.12	0.326269	0	1
MILOUT	was there a military outcome?	125	0.608	0.490161	0	1
WARDUR	duration of the war (months)	125	77.72	89.60987	1	528
GARM	size of gov't military (thousand)	124	402.729	957.5273	9	8256
ENERCAP	energy consumption per capita	124	0.000157	0.000413	−1.50e-07	0.00214
ELECTRIC	electricity consumption p/c (kwhrs)	123	586.8661	958.0384	10	5387
GDP	real GDP per capita (PPP)	124	1765.581	1789.364	130	10000
RGDPCH2	real GDP p.c. −no imputations	123	1556.398	1452.303	130	7741
PW10	was there a war in past 10 years?	125	0.48	0.50161	0	1
AIDGNP	foreign aid as % of GNP	116	8.731095	14.04966	0	83.8
ILLIT	percent illiterate population	118	43.23025	26.64874	1	85.5
GINI	income inequality index	125	40.3881	9.49447	19.29	62.88
LIFES	life expectancy at birth	125	52.15048	10.84891	32	73
EH	ethnic heterogeneity index	125	56.776	33.93563	0	144

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TABLE 2 *(cont.)*

Variable	*Proxy for*	*Obs.*	*Mean*	*Std. Dev.*	*Min*	*Max*
EHLPOP	EH interacted w/ log of population	125	935.8059	594.8487	0	2629.118
ELF	ethnolinguistic fractionalization	118	48.66102	30.61764	0	93
LOGPOP	log of population size	125	16.27787	1.535166	13.26733	20.53999
GEO	dummy for continent	125	3.592	1.289511	1	5
DECADE	decade in which war started	125	3.44	1.433471	1	6
WARTYPE	was it an ethnic/identity war?	125	0.64	0.481932	0	1
TYPELICK	Licklider's version of wartype	116	1.293103	0.45716	1	2
TYPESTF	state failure project wartype	108	0.722222	0.449991	0	1
GURR2	democracy—2 years after war	109	9.311927	6.37515	1	20
IGURR2	Gurr2 w/ imputed missing cells	122	8.823376	6.310452	1	20
GPOL2	Freedom House political rights	88	4.840909	1.793259	1	7
GURRLAG5	5-yr mean democracy (prewar)	120	6.016667	5.680548	0	20
PEACEOP	third party peace operation type	125	1.056	1.477269	0	4
COLDWAR	dummy for the cold war period	125	.784	.4131703	0	1
PTEH	interaction term: EH*Partv2	125	9.6	26.57461	0	128
PTLCOST	interaction term: Logcost*Partv2	124	2.249478	5.031744	0	14.84513
PTARMY	interaction term: Garm*Partv2	124	140.6427	835.8922	0	8256
ETHPART	Interaction term: Wartype*Partv2	125	.144	.3525026	0	1

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TABLE 3
CORRELATION MATRIX OF KEY VARIABLES (OBS. = 99)

	WAREND2	*WAREND5*	*NOVIOL2*	*NOVIOL5*	*PARTV2*	*LOGCOST*	*OUTCOME2*	*TREATY*	*VREBEL*	*TRUCE*
WAREND2	1									
WAREND5	0.8315	1								
NOVIOL2	0.551	0.5831	1							
NOVIOL5	0.5136	0.595	0.9395	1						
PARTV2	0.0639	−0.0592	0.078	0.0702	1					
LOGCOST	−0.2017	−0.238	−0.211	−0.183	0.2743	1				
OUTCOME2	0.2424	0.2034	0.2394	0.2375	0.2151	0.3133	1			
TREATY	0.0982	0.1234	0.2115	0.1997	−0.0281	0.3194	0.792	1		
VREBEL	0.0311	0.0575	−0.0874	−0.0527	0.1182	0.0104	−0.0591	−0.3469	1	
TRUCE	0	−0.1491	−0.0447	−0.0512	0.3972	0.0897	0.2126	−0.1887	−0.1838	1
MILOUT	−0.1308	−0.0617	−0.1909	−0.1764	−0.2227	−0.3245	−0.8978	−0.7768	0.4204	−0.4372
WARDUR	−0.0716	−0.0527	0.0394	0.0294	−0.1496	0.2662	0.2539	0.3623	−0.0807	−0.0859
GARM	0.1439	0.1139	−0.0655	−0.0736	0.2805	0.0658	−0.0682	−0.1726	−0.0372	0.2271
ENERCAP	0.1244	0.1206	0.2102	0.2033	0.2496	−0.0298	0.3037	0.2274	−0.1076	0.1899
GDP	0.0704	0.0963	0.1282	0.1147	0.0431	−0.1695	0.1574	0.1216	−0.0586	0.0899
EH	−0.0763	−0.1779	−0.0907	−0.156	0.1197	0.1456	0.0876	0.0899	−0.0022	−0.0051
EHLPOP	−0.0504	−0.1812	−0.102	−0.1631	0.1619	0.1371	0.0474	0.0378	−0.0195	0.0341
ELF	−0.0293	−0.0598	−0.0558	−0.1404	0.0767	−0.0178	0.0611	0.0744	−0.0843	0.0487
LOGPOP	0.0783	−0.044	−0.1768	−0.2017	0.2106	0.0433	−0.2587	−0.2654	−0.0579	0.0705
GEO	−0.0513	−0.0645	−0.1747	−0.2006	−0.1156	0.1143	−0.1046	−0.0138	−0.0949	−0.0405
DECADE	−0.191	−0.1595	−0.1097	−0.0985	0.0187	0.1561	0.0913	0.1472	−0.1039	0.0989
WARTYPE	−0.101	−0.1826	−0.1872	−0.2141	0.1074	0.0563	−0.0369	0.0694	−0.3339	0.093
PW10	0.0054	−0.0414	−0.1923	−0.2129	0.1456	0.1777	−0.0558	−0.006	−0.0291	0.0319
IGURR2	0.1874	0.144	0.3281	0.358	0.1224	−0.0584	0.286	0.2708	−0.2439	0.18
GURRLAG5	0.0884	−0.0286	0.0744	0.036	−0.0184	−0.2111	0.0337	0.0341	−0.2133	0.1562

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TABLE 3 *(cont.)*

	WAREND2	*WAREND5*	*NOVIOL2*	*NOVIOL5*	*PARTV2*	*LOGCOST*	*OUTCOME2*	*TREATY*	*VREBEL*	*TRUCE*
PEACEOP	0.0412	0.0733	0.1117	0.1255	0.2226	0.3622	0.4809	0.4213	−0.1693	0.3123
PTEH	0.0635	−0.1367	0.0285	0.0221	0.822	0.2579	0.2187	0.0405	0.037	0.32
PTLCOST	0.0648	−0.0545	0.0964	0.0886	0.9943	0.2937	0.218	−0.0182	0.1153	0.3833
PTARMY	0.0906	0.0422	0.0329	0.0294	0.4481	0.0962	0.0754	−0.0965	0.0302	0.3408
ETHPART	0.0179	−0.1233	0.0569	0.0502	0.8621	0.2541	0.2254	0.0285	0.0366	0.3604

	MILOUT	*WARDUR*	*GARM*	*ENERCAP*	*GDP*	*EH*	*EHLPOP*	*ELF*	*LOGPOP*	*GEO*
MILOUT	1									
WARDUR	−0.2824	1								
GARM	0.0131	−0.09	1							
ENERCAP	−0.3326	0.0801	−0.0723	1						
GDP	−0.1791	0.2231	−0.0532	0.5168	1					
EH	−0.076	0.1605	−0.153	−0.0741	−0.1648	1				
EHLPOP	−0.0529	0.1331	−0.0993	−0.1239	−0.1813	0.983	1			
ELF	−0.0776	0.1788	−0.1523	−0.0739	−0.067	0.6744	0.6919	1		
LOGPOP	0.1985	−0.0425	0.4709	−0.4209	−0.1725	0.219	0.3585	0.3016	1	
GEO	0.0608	0.1599	0.0757	−0.446	−0.576	0.2956	0.313	0.3914	0.2669	1
DECADE	−0.1687	0.0442	−0.2195	0.0152	0.1828	0.0667	0.0643	0.0425	−0.0308	0.0381
WARTYPE	−0.1045	0.0594	−0.0225	0.1301	0.0432	0.3144	0.3221	0.3169	0.1356	0.3131
PW10	0.0073	0.1091	0.2128	−0.044	−0.1404	0.1435	0.1533	0.0553	0.2389	0.2513
IGURR2	−0.371	0.2454	−0.1826	0.2337	0.2378	−0.0007	0.0274	0.0583	−0.0277	−0.2358
GURRLAG5	−0.1377	0.0949	−0.047	0.1116	0.127	0.1147	0.1447	0.1075	0.0415	−0.0871
PEACEOP	−0.5503	0.0866	0.0266	0.2812	0.1221	0.0195	−0.0141	−0.008	−0.2631	−0.1399
PTEH	−0.2381	−0.1141	0.0102	0.1687	−0.0415	0.3518	0.4155	0.2268	0.28	−0.053

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TABLE 3 *(cont.)*

	WAREND2	*WAREND5*	*NOVIOL2*	*NOVIOL5*	*PARTV2*	*LOGCOST*	*OUTCOME2*	*TREATY*	*VREBEL*	*TRUCE*
PTLCOST	−0.2234	−0.1415	0.266	0.2412	0.0353	0.1329	0.1742	0.0825	0.2018	−0.1079
PTARMY	−0.1206	−0.0929	0.8294	−0.0539	−0.1074	−0.1418	−0.1124	−0.1571	0.2031	0.0574
ETHPART	−0.2517	−0.1618	−0.0377	0.3132	0.0773	0.2611	0.2989	0.2046	0.1296	−0.161

	DECADE	*WARTYPE*	*PW10*	*IGURR2*	*GURRLAG5*	*PEACEOP*	*PTEH*	*PTLCOST*	*PTARMY*	*ETHPART*
DECADE	1									
WARTYPE	0.228	1								
PW10	0.2961	0.2596	1							
IGURR2	−0.033	−0.1643	−0.2346	1						
GURRLAG5	−0.1262	−0.0525	−0.165	0.5018	1					
PEACEOP	0.2453	0.0979	0.0839	0.2047	−0.0326	1				
PTEH	0.0903	0.2149	0.0621	0.2121	0.0784	0.1812	1			
PTLCOST	0.0163	0.1128	0.1342	0.1241	−0.0233	0.2248	0.835	1		
PTARMY	−0.2142	−0.1507	0.1349	−0.0866	−0.0511	0.1655	0.1181	0.4309	1	
ETHPART	0.1625	0.2534	0.0637	0.2335	0.0113	0.2277	0.9107	0.8668	0.0689	1

tion.[46] Partition is not usually the goal of revolutions motivated by ideology, but it is often the stated goal of ethnic war. For the same reason, ethnic heterogeneity (EH) should be significantly associated with partition, especially if ethnic groups are large enough to constitute a politically and economically viable successor state. The human toll of the war (LOGCOST) should be positively correlated with partition. The intuition is that extremely violent wars can be settled only by partition and that the international community might be more supportive of such an outcome in those cases. The outcome of the war (OUTCOME2) should also be a significant determinant of partition, since we would not expect to see partition if the government wins a military victory, whereas partition would be more likely in the case of rebel victory. Population size (LOGPOP) should be positively associated with partition.[47] I also include as control variables a number of socioeconomic indicators of the country's overall level of development, since many studies have identified such variables as significant determinants of civil war.[48] However, it is harder to theorize about the nature of their association with the incidence of partition. I present the results of my estimations in Table 4.

A first important finding is that, as theorized, the type of the war is indeed a significant determinant of partition. Identity wars (ethnic and religious wars) are positively and significantly correlated with partition in model 1. This implies that the partition theorists correctly argue that ethnicity matters for the onset of partition. However, when I tested alternatively coded variables for the type of war in models 1b and 1c, I found a significant difference: both variables were significant, but Licklider's variable (TYPELICK in model 1a) is negatively correlated with the onset of partition whereas the State Failure Project variable (TYPESTF in model 1b) is positively correlated with partition. This implies that, while ethnicity seems important for partition, the direction of their association might be influenced by assumptions made in the coding of the WARTYPE variable.[49] At the same time, only small changes are ob-

[46] The coding of the WARTYPE variable was not easy. There are substantial differences in the various sources and data sets I consulted. I used two main sources for this variable: Licklider (fn. 32); and Esty et al. (fn. 33). I coded the variables TYPELICK (Licklider's war-issue variable) and TYPESTF (the State-Failure Project's war-type variable) to facilitate comparisons across cases. Where those two sources differed, I coded WARTYPE based on majority opinion in other data sets, including Regan (fn. 33); and Mason and Fett (fn. 33).

[47] This hypothesis (with an emphasis on the proportion of young men) has been posited with reference to the causes of civil war by Collier and Hoeffler (fn. 45); and Robert H. Bates, "Ethnicity, Capital Formation, and Conflict," *CID Working Paper* no. 27 (Harvard University, October 1999).

[48] For example, Collier and Hoeffler (fn. 45).

[49] Given such problems, quantitative analysts of civil wars must be highly transparent in their coding of these variables. Moreover, it is necessary for those building data sets of civil war to coordinate their

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TABLE 4
PROBIT REGRESSION OF OCCURRENCE OF PARTITION[a]

Dep. Var.: Partition	*Model 1*	*Model 1a*	*Model 1b*	*Model 2*	*Model 3*
Constant	−4.53***	−2.09	−3.93*	−6.72*	−2.38
	(1.64)	(1.82)	(2.12)	(3.48)	(2.09)
WARTYPE	1.65***			2.22***	1.59***
(identity or	(.553)	—	—	(.822)	(.547)
ideology?)	.103			2.22	.032
LOGCOST	.358***	.471***	.338**	.441***	.396***
(log of deaths &	(.118)	(.141)	(.138)	(.152)	(.138)
displacements	.025	.025	.034	.44	.008
EH	−.064**	−.068**	−.063**	−.049	−.075***
(Index of Ethnic	(.026)	(.029)	(.027)	(.035)	(.027)
Heterogeneity)	-.005	-.004	-.006	−.049	−.0015
EHLPOP	.003**	.0037**	.0034**	.003	.004***
(EH * log of	(.001)	(.002)	(.0015)	(.002)	(.0014)
population size)	.0002	.0002	.0003	.003	.00008
TRUCE	1.69***	1.76***	1.71***	1.58***	1.75***
(war ended in an	(.348)	(.383)	(.342)	(.438)	(.414)
informal truce?)	.337	.313	.401	1.58	.183
VREBEL	1.55***	1.59***	1.35***	1.91**	2.16***
(war ended with a	(.519)	(.578)	(.425)	(.778)	(.502)
rebel victory?)	.247	.214	.256	1.91	.229
GEO	−.594***	−.644***	−.651***	−.514**	−.405*
(continent)	(.172)	(.205)	(.192)	(.207)	(.225)
	−.042	−.035	-.065	−.513	−.008
DECADE	−.175	−.204	−.167	−.019	−.023
(decade in which	(.140)	(.161)	(.151)	(.181)	(.153)
war started)	−.012	−.011	−.017	−.019	−.0005
TYPELICK		−2.07***			
(Licklider's wartype)		(.591)			
		−.113			
TYPESTF (State			1.32**		
Failure			(.576)		
Project wartype)			.094		
ILLIT (percentage				−.021	
population				(.016)	
that is illiterate)				−.02	
GDP (real GDP				2.17e-07	
per capita, PPP)				(.0001)	
				2.17e-07	
LIFES (life				−.002	
expectancy at birth)				(.039)	
				−.002	
GINI (income					−.113***
inequality index)					(.029)
					−.002
ENERGYS (energy					.0003
consumption					(.0002)
per capita)					5.72e-06

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TABLE 4 *(cont.)*

Dep. Var.: Partition	*Model 1*	*Model 1a*	*Model 1b*	*Model 2*	*Model 3*
Observations	124	115	107	116	123
Log-likelihood	−30.365	−27.397	−29.242	−22.042	−21.529
Pseudo-R^2	0.4616	0.4844	0.4481	0.5597	0.6170
Correctly classified	87.20%	87.82%	86.91%	92.24%	93.49%
Reduction in error	23.80%	27.55%	22.08%	53.80%	61.25%

*** significant at the .01 level; ** significant at the .05 level; * significant at the .10 level (two-tailed tests)

[a] Reported are coefficients (robust standards errors) and marginals (dF/dx), in that order.

served in most of the other variables in models 1a and 1b, which suggests that the other variables are robust.

Ethnicity has a complicated relationship with partition. In models 1, 1a, and 1b, I found that as ethnic heterogeneity increases, the probability of a partition decreases significantly, suggesting that it may be difficult to coordinate and win in a secessionist war in extremely diverse societies.[50] However, as the size of ethnic groups increases, so does the probability of partition.[51] Large ethnic groups may be better able to overcome the coordination problems associated with mounting a rebellion and better able to defend their territory.

As expected, I found that partitions are positively and significantly correlated with the level of violence (LOGCOST). This variable is very robust, and since deaths and displacements chronologically precede the occurrence of partition, these results may be pointing to a causal relationship between high levels of violence and partition. At the same time, my data do not allow me to preclude the possibility that some of the observed violence may actually have been caused by partition (as, for example, in India and Cyprus).

War outcomes are also significant in model 1 and all its variants. Both rebel victory and truce are significantly and positively associated with the incidence of partition (although, these results should be interpreted with caution due to high collinearity among these regressors).

In model 2 I added several socioeconomic variables that may have been important causes of the previous war and I found them individually insignificant. While I did not expect to find individual significance

efforts and exchange information. I will use my WARTYPE variable in the rest of the analysis since I generated it with reference to as many sources as I could consult for each case. I tried to reflect majority opinion about the coding of each case, where there was disagreement between my main sources.

[50] If we drop WARTYPE, then EH becomes nonsignificant but remains negative.

[51] I proxy the size of ethnic groups by interacting the ethnic heterogeneity index EH with the log of population size (LOGPOP).

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given their high level of collinearity, I did expect and did find joint significance (a joint test of ILLIT, LIFES, GDP, DECADE, and GEO yielded chi2(5) = 11.85 and Prob > chi2 = 0.0369). The fact that these variables are not individually significant allows me to use them as controls in my analytical models of war recurrence in the next section, since they are not significantly correlated with partition and I use partition as a core regressor in those models. The most important impact of these local capacity variables is that they make ethnicity (EH, EHLPOP) nonsignificant (although this may be due to the noise that they introduce in the equation).

Finally, in model 3 I controlled for income inequality (GINI) and replaced the socioeconomic controls of model 2 with a variable measuring the country's overall level of economic development (ENERGYS) at the start of the war.[52] Here I found a positive but nonsignificant relationship between economic development and partition. The opposite association is often found between development and the risk of onset of war, but my finding makes sense, since low levels of economic development often discourage ethnic minorities from seceding (although a more accurate result might have been obtained if I had data available on the regional concentration of natural resources and the geographic dispersion of industries within each country).[53] Income inequality is significant but negatively correlated with partition, which once again seems counterintuitive.[54] The control variables for geographical location and for the decade during which the war started pick up time- and place-specific effects. The DECADE variable is nonsignificant, but there seem to be important regional effects (which could be better studied in the context of a panel data set).

To summarize, I found that partition is significantly more likely to occur after an identity war than after an ideological war, after an informal truce or rebel victory following a very costly war, in a country with

[52] Measuring these variables at the start of the war not only prevents problems of reverse causality but also captures any impact that these variables might have had on causing the civil war in the first place. Thus, the inability to find significance for the economic variables in model 2 may be due to a selection effect (since all the countries in my sample are countries that experienced war and may therefore share the same socioeconomic background). Thus, the analysis of partition and war recurrence must focus here on war-related variables that would be expected to differ significantly across countries.

[53] See Collier and Hoeffler (fn. 45). The precise relationship between partition and economic variables is undertheorized, so I will not explore this further, but this counterintuitive finding is worth further study. It may be that relatively richer countries can support partition, since the prospects of economic viability of the successor state will be greater.

[54] These signs do not change if I drop the cases of ongoing war. The direction of this correlation, however, may result from measurement error or selection effects. Measurement error is possible because reliable data were often not available for the relevant years. Or it may be due to collinearity between income inequality and energy consumption, since I used GDP data to impute missing values of both of these variables.

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large ethnic groups and small levels of ethnic heterogeneity and a relatively higher level of economic development (compared to other war-torn states). Having identified these correlates of partition, I can now test the three critical hypotheses of partition theory: (1) that partitions create successor states that are at least as democratic as their predecessors, if not more so; (2) that partitions reduce the risk of war recurrence; and (3) that partitions reduce low-level ethnic violence after the war ends.

Testing the Hypotheses

Does Partition Create Undemocratic States?

Kaufmann has argued that successor states are generally no less democratic than their predecessors and that they can even be more democratic.[55] Although a full test of this hypothesis is not yet possible (see below), a first cut at such a test is provided in this section.

Using data on democracy and autocracy from the Polity 98 data set, I have created the variable GURR, measuring the level of democracy two years (GURR 2) and five years (GURR 5) after the end of the war for both predecessor and successor states.[56] Partitioned countries have a mean and standard deviation of GURR 2 of 11.02 and 6.204, respectively. The corresponding values for nonpartitioned countries are 8.42 and 6.27, respectively. A score of 20 suggests a perfect democracy, whereas a score of 0, an extreme autocracy. The computed averages reveal that countries that have experienced a civil war—regardless of whether or not they have been partitioned—are generally nondemocratic two years after the end of the war. This may be due to the war itself or to a legacy of undemocratic institutions. These legacies can be measured by GURRLAG5—the mean level of democracy during the five years prior to the start of the war. Table 5 lists all partitioned countries and their GURR and GURRLAG5 indices. Thirteen cases broadly support Kaufmann's hypothesis that partitioned countries are no less democratic than their predecessors and six cases do not support that hypothesis.[57]

[55] Kaufmann (fn. 1, 1998), 124.

[56] The original data on democracy were compiled by Keith Jaggers and Ted Robert Gurr, *Polity 98 Project (http://www.bsos.umd.edu/cidcm/polity/)*. I added their democracy and autocracy scores as follows: GURR = [DEMOCRACY+ (10-AUTOCRACY)]. The resulting variable ranges from 0 to 20. The Polity3 data end in 1994, so I imputed thirty-five missing values using the political rights index of the Freedom House project after I established that there was a very close correlation between Gurr's democracy index and Freedom House's political rights index. See Freedom House, *Freedom in the World* (London: Freedom House, 1999).

[57] This list includes not only ethnic partitions but also all other cases of partition in my data set. Subsequent analysis focuses directly on partitions that resulted from ethnic wars and therefore excludes a number of partitions (for example, the Koreas, Vietnam, and Taiwan). However, I test the robustness of my results by including all wars and partitions.

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TABLE 5
PREWAR AND POSTPARTITION POLITY INDICES[a]

Country Name	*Five-Year Prewar Democracy Index (GURRLAG5)*	*Democracy Index Two Years after the War (GURR2)*
Azerbaijan	3	4
Yugoslavia-Bosnia	6	9
China-Taiwan	5	2
Yugoslavia-Croatia	6	11
Yugoslavia-Croatia	6	9
Cyprus	1	—
Cyprus	1	20
Ethiopia-Eritrea	1	11
Georgia-Abkhazia	11	15
Georgia-Ossetia	11	15
India-Pakistan	1	16
India-Kashmir	19	17
India-Kashmir	18	18
Israel-Palestine	—	—
Korea (North-South)	1	3
Moldova	1	17
Pakistan-Bangladesh	3	18
Russia-Chechnya	11	14
Somalia-Somaliland	3	2*
Tajikistan	11	5
Vietnam, Republic of	7	3

[a] GURR2 includes one imputed value (Somalia), denoted with an asterisk and rounded to the nearest integer. If the predecessor state was a colony or not a recognized state (e.g., Israel) 1–5 years before the war started, then we do not have a Polity score since these are only available for independent states. In those cases, I have entered an N/A and comparison of the polity index before and after the war is not possible. The same is true for cases where the country was created out of the civil war, as in Israel. A dot indicates no available information. The index is based on data from Polity 98 (see text).

An equality of means test for both GURRLAG5 and GURR2 reveals signs of significant differences between partitioned and nonpartitioned countries. Specifically, a t-test of the null hypothesis that there is no significant difference in the mean of GURR2 in partitioned and nonpartitioned countries can marginally be rejected with 120 degrees of freedom and a t-statistic of −1.6644 ($P > |t| = 0.098$). A two-sample t-test with equal variances only on cases of ethnic war does reveal that there is a significant difference and that partitioned countries have higher democracy averages (75 d.f.; $t = -3.3842$). However, this effect need not refer to the democratization effect of partition and may be due to the prewar level of democracy, which is on average higher among

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partitioned countries that have experienced war. A means test with respect to DEMCH—a variable that measures the difference of postwar and prewar levels of democracy—rejects equality with 73 degrees of freedom and $t = -2.6597$ ($P > |t| = 0.0096$). These results suggest that partitioned states fare slightly better in terms of postwar democratization.

I turn next to a multivariable OLS regression of GURR2 (and GURR5) using partition as one of the explanatory variables. A bivariate regression of democracy on partition shows no significance of partition at the 5 percent level if we use the entire data set but finds partition positive and significant among cases of ethnic war. A clearer picture emerges from multivariate models (see Table 6). In model 1 I regressed the postwar democracy index (with imputed missing values) on a number of explanatory variables, including partition.[58] Most of the variance in the dependent variable in this and the other models is explained by the country's democratic legacy (GURRLAG5), which is extremely robust and significantly increases postwar levels of democracy. There is a weak positive correlation between democratic postconflict states and the presence of third-party peace operations (PEACEOP). Given that this association is weak, I dropped PEACEOP from subsequent regressions. There is a negative, though not very robust relationship between the level of democracy and the size of the government's military, which suggests that troop demobilization and force reductions in postconflict states may be useful in promoting peace and democracy. War duration is significant and positively correlated with the level of democracy, lending support to the war-weariness hypothesis (that people tired of war will try harder to build peace). Real per capita GDP is positively correlated with democracy (as would be expected), but this association is not significant, possibly due to selection effects or measurement error.[59] Partition is positively correlated with democracy and it is significant at the 10 percent level. The type of war is also significant and the coefficient sign suggests that ethnic wars would reduce the postwar mean of democracy by 2.5 points as compared with nonethnic wars.

In model 2 I looked more closely at cases of ethnic war, and the results discussed previously are nearly identical, except for the signifi-

[58] I selected these variables based on theoretical arguments regarding the determinants of the level of democratization after civil war, drawing on Doyle and Sambanis (fn. 45), among others. Also the relationship between economic variables and democracy has been the focus of numerous studies in the economics and political science literatures; see, e.g., Ross E. Burkhart and Michael S. Lewis-Beck, "Comparative Democracy: The Economic Development Thesis," *American Political Science Review* 88 (December 1994).

[59] These regression results are robust for a large number of specifications.

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TABLE 6
OLS AND 2SLS REGRESSIONS OF POSTWAR DEMOCRACY W/ ROBUST STANDARD ERRORS AND CLUSTERED SAME-COUNTRY OBSERVATIONS[a]

Dependent Variable: Democracy 2 Years after End of the War (GURR2)	*Model 1 All wars*	*Model 2 Only Ethnic Wars*	*Model 3 Nonimputed GURR2*	*Model 4*[b] *2SLS Only Ethnic*	*Model 5*[c] *2SLS Only Ethnic*	*Model 6*[d] *2SLS Only Ethnic*
Constant	4.56***	2.07	2.63*	1.46	1.11	1.57
	(1.42)	(1.26)	(1.33)	(1.33)	(1.20)	(1.18)
PARTITION (did the war result in partition?)	3.33*	5.72***	6.26***	7.53***	8.01***	6.01***
	(1.82)	(1.54)	(1.67)	(2.62)	(2.56)	(2.05)
WARTYPE (was it an identity or nonidentity war?)	−2.42**					
	(1.13)					
PEACEOP (were there UN or other peace operations?)	.66*					
	(.36)					
WARDUR (duration of war in months)	.015**	.02**	.023***	.023***	.024***	.021***
	(.006)	(.007)	(.008)	(.008)	(.008)	(.007)
GARM * 1,000 (size of the government military (in thousands))	−1.12***	−.95*	−1.1*	−.77		
	(.27)	(.56)	(.6)	(.58)		
GDP * 1,000 (real income per per capita, PPP-adjusted)	.5695	.53	.34	.46	.43	.51
	(.45)	(.54)	(.56)	(.55)	(.55)	(.55)
GURRLAG5 (5-yr average prewar democracy score)	.48***	.47***	.43***	.46***	.45***	.46***
	(.08)	(.102)	(.11)	(.11)	(.11)	(.11)
Observations	116	74	64	73	74	74
Goodness-of-fit	F(7, 61) = 18.47	F(5, 38) = 12.24	F(5, 33) = 10.38	F(5, 38) = 10.22	F(4, 39) = 10.87	F(4, 39) = 4.80
	Prob > F = 0.0000	Prob > F = 0.0000	Prob > F = 0.0000	Prob > F = 0.0000	Prob > F = 0.0000	Prob > F = 0.0000
R^2	0.4180	0.5010	0.5069	0.4924	0.4794	0.4963

*** significant at the .01 level; ** significant at the .05 level; * significant at the .10 level

[a] Coefficients and standards errors are reported in parentheses.

[b] Instrumented: partition; instruments: LOGCOST OUTCOME2 EH EHLPOP GEO.

[c] Instrumented: partition; instruments: LOGDEAD OUTCOME2 EH EHLPOP GEO.

[d] Instrumented: partition; instruments: LOGCOST TRUCE VREBEL EH EHLPOP GEO.

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cance and coefficient of partition, which now more than doubles. In model 3 I regressed the same right-hand-side variables on the GURR2 variable without imputing missing values, and the results are robust. The democratic legacy variable (GURRLAG5) seems to be doing heavy lifting in these regressions. If we drop it from models 2–3, the R^2 drops by about 20 percentage points and the coefficient of partition increases by 20 percent.

Partition may also be endogenous or, rather, jointly determined with some of the other right-hand-side variables. Thus, I reestimated model 2 using a two-stage least squares (2SLS) estimator; no significant differences were observed (both the coefficient and standard error of partition were extremely volatile, but the t-test remained the same). In model 5 I estimated a different specification of this model again using 2SLS, dropping the now nonsignificant GARM variables, but again no major change occurred. In model 6 I changed two of the instrumental variables used in the first-stage regressions. Throughout these changes in specification and estimation method, the democratic legacy variable (GURRLAG5) was extremely robust, as was partition. The coefficient of the partition variable was positive and varied between 6 and 8.

Finally, testing the hypothesis that the instrumented 2SLS models might be more efficient than the OLS models, I found the OLS models more efficient. A Hausman test of the null hypothesis that the difference in coefficients between the instrumented and OLS models is not systematic, estimated as: $(b - B)'[(V_b - V_B)^{-1}](b - B)$, yielded a chi-square statistic of 0.57 with 4 degrees of freedom, so we cannot reject the null hypothesis that the instrumented models are less efficient and we should rely on the OLS estimates of models 1–3.[60]

Overall, these regression results seem to support partition theory. However, this is at best an incomplete picture, since we do not have comparable democracy data for successor states that are not internationally recognized. This therefore creates a problem of systematic bias in the coding of the dependent variable, which reduces the reliability of the findings just described. Successor states that are not internationally recognized may well have low democracy; contrast, for example, the political institutions of the Republic of Cyprus with those of the so-called Turkish Republic of Northern Cyprus or the democracy levels in Chechnya versus those in Russia or in Ossetia and Abkhazia versus

[60] J. Hausman, "Specification Tests in Econometrics," *Econometrica* 46 (1978), 1251–71. On the use of the Hausman test to test exogeneity, see B. H. Baltagi, *Econometrics* (New York: Springer-Verlag, 1998), 291; and Stata Corporation, *Stata Reference Manual: Release 6* (College Station, Tex.: Stata, 1999), 2:7–13. In the formula above b is the coefficient vector from the consistent estimator and B the coefficient vector from the efficient estimator and V_b, and V_B are their respective covariance matrices.

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those in Georgia. These comparisons are difficult, given that the Polity 98 project does not provide information on these territories. Thus, before making a judgment on the democratizing effects of partition, we need comparable data on democracy for all successor and predecessor states.[61] At this stage, I can neither reject nor accept the claims of the partition theorists with confidence. The link between partition and democratization must be studied further as high-quality data become available. At that time it would also be interesting to see whether high levels of GURRLAG5 tend to promote democracy in postwar successor states. At this stage the robustness of GURRLAG5 suggests that our focus should not be on designing democracy-friendly partitions but rather should be on strengthening democratic institutions in countries before they actually experience a civil war.

I now turn to the critical question of war recurrence.

Does Partition Prevent War Recurrence?

Several examples of wars following partitions provide support for the critics of partition theory: Croatia fought a second war with Serbia after it was partitioned in 1991. Ethiopia and Eritrea fought a bitter territorial war in 1999–2000 after being partitioned in 1991. The partition of Somaliland collapsed in a wave of new violence in 1992. India and Pakistan have fought three wars since their partition in 1947. Cyprus was at war again in 1974 after it was effectively partitioned into militarily defensible, self-administered enclaves between 1963 and 1967.[62] At the same time, seemingly intractable conflicts and bloody ethnic wars have given way to peace without partition, as, for example, in South Africa, Guatemala, and Uganda.

[61] Given the paucity of data to answer this important question, a worthwhile project would be to conduct a comparative case study of the political institutions of all these successor states.

[62] This is not a well-known case. In 1963 a "green line" was established in the capital city of Nicosia, partitioning the Greek Cypriot and Turkish Cypriot sectors. After 1964 the partition was expanded, and more than 30 percent of the Turkish Cypriot population moved to defensible, self-administered enclaves. These enclaves forcibly excluded the Greek Cypriot population and their demilitarization and defortification was part of the mandate given to a UN peacekeeping force—UNFICYP (see UN doc. S/5764, 15 June 1964, para. 61). The UN secretary-general often noted in his report that the enclaves gave the Turkish Cypriots "complete military and administrative control" of several areas (S/6228, para. 50). In 1965 the secretary-general noted that the enclave fortifications "contribute to maintaining tension at high pitch" and UNFICYP "insists on their removal" (S/6228, para. 51). Within six months in 1967, 52 new positions were built by the Greek Cypriot National Guard and 130 by the Turkish Cypriots (S/8286, December 8, 1967, para. 50). The secretary-general noted that "this ceaseless building of fortifications . . . [would] result in the Island being criss-crossed and honeycombed with defences [*sic*]" (S/8286, para. 49). Thus, the island was effectively partitioned between 1963 and 1967. On the Cyprus conflict during the critical years between 1963 and 1974, see Richard Patrick, *Political Geography and the Cyprus Conflict, 1963–1971* (Waterloo, Canada: Department of Geography, University of Waterloo, 1976); the work includes maps of the pre-1974 enclaves. See also Joseph Joseph, *Cyprus: Ethnic Conflict and International Solution* (New York: St. Martin's, 1997); and Sambanis (fn. 33).

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TABLE 7
CROSS-TABS BETWEEN PARTITION, WAR RECURRENCE, AND RESIDUAL VIOLENCE
(TWO, FIVE, AND TEN YEARS AFTER THE WAR)

War Ended for	*War Recurrence*	*Partitition*	*No Partitition*	*Total Cases*	*Pearson Chi-Square Test (1 Degree of Freedom)*
2 years	war recurred	5	27	32	Pearson chi2(1) =
	no war	16	77	93	0.0425; Pr = 0.837
5 years	war recurred	5	24	29	Pearson chi2(1) =
	no war	14	71	85	0.0092; Pr = 0.923
10 years	war recurred	5	24	29	Pearson chi2(1) =
	no war	6	46	52	0.5159; Pr = 0.473

War Ended for	*Residual Violence*	*Partitition*	*No Partitition*	*Total Cases*	*Pearson Chi-Square Test (1 Degree of Freedom)*
2 years	low violence	10	56	66	Pearson chi2(1) =
	no violence	11	48	59	0.2719; Pr = 0.602
5 years	low violence	9	48	57	Pearson chi2(1) =
	no violence	10	47	57	0.0632; Pr = 0.802
10 years	low violence	8	38	46	Pearson chi2(1) =
	no violence	5	32	37	0.2334; Pr = 0.629

These examples, however, do not constitute sufficient proof that the critics are right. To develop better insight into the relationship between partition and war recurrence, I present simple cross-tabulations of partition and war recurrence and low-level violence in Table 7.[63] No statistical association between partition and ending violence is evident either for the entire population of cases or for ethnic wars.

A fuller test of the relationship between partition and war recurrence, conditional on the effects of several other variables, can be derived by estimating multivariable regressions (see Table 8). The dependent variable is WAREND (did the war end?) with the suffixes 2, 5, and 10 denoting that it is observed two, five, and ten years after the end of the civil war. WAREND is coded 1 if there is no war recurrence and 0 otherwise.[64] The control variables in these regressions were selected on

[63] This table includes cases of nonethnic partition. I also ran these cross-tabs excluding nonidentity (ethnic/religious) wars, and the results were not significantly affected.

[64] I estimate probit models with clustered same-country observations and robust standard errors. Since partition theory has focused on ethnic wars and since I found the type of war to be a significant determinant of partition, I dropped cases of nonidentity wars from my analysis, but I do report some results of interest as they apply to all civil wars.

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TABLE 8
MODELS OF CIVIL WAR RECURRENCE[a]

Dependent Variable: WAREND2 (Did the War End for Two Years?)	*Model 1 Only Ethnic Wars Assume Exogeneity*	*Model 2 All Wars Assume Exogeneity*	*Model 3[b] 2SLS Linear Prob. Assume Endogeneity*	*Model 4[c] 2S Probit w/ Rivers & Vuong Test*	*Model 5[d] Bivariate Probit rho-Test for Exogeneity*	*Model 6 Probit w/ Partition Interaction Only Ethnic Wars*	*Model 7 Same as Model 6, but for the 5-Year Period*	*Model 8 Probit w/ Partition Interaction All Wars*
PARTITION	−.068	.253	−.025	−.080	−.260	−4.72	−2.25	
did the war result	(.461)	(.365)	(.204)	(.694)	(.675)	(3.82)	(3.83)	—
in partition?	−.021	.066	—	—	—	−.962	−.739	
RES—residual to				.122				
test for	—	—	—	(.956)	—	—	—	—
exogeneity								
LOGCOST	−.164*	−.185***	−.049*	−.152*	−.146*	−.162*	−.185*	−.17***
natural log of	(.087)	(.067)	(.026)	(.086)	(.086)	(.096)	(.097)	(.07)
dead & displaced	−.051	−.052	—	—	—	−.049	−.058	−.050
OUTCOME2	.53***	.37***	.131***	.406***	.418***	.578***	.522***	.35***
war outcome—	(.147)	(.112)	(.036)	(.147)	(.142)	(.165)	(.145)	(.116)
four outcomes	.165	.104	—	—	—	.178	.166	.097
WARDUR	.0015	.0028*				.0006	.0016	.002
duration of war	(.002)	(.0017)	—	—	—	(.0021)	(.002)	(.002)
in months	.00047	.0008				.0002	.0005	.0005
GARM *1,000	.07	.6557						
size of the gov't	(.063)	(.52)	—	—	—	—	—	—
military in '000s	.22	.18						
GDP *1,000	−.0745	−.0733	−.0182	−.049	−.0435	−.00956	−.037	−.0241
(real income per	(.082)	(.069)	(.016)	(.06)	(.063)	(.089)	(.09)	(.082)
capita, PPP)	−.023	−.02	—	—	—	−.0029	−.01	−.0068

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TABLE 8 *(cont.)*

Dependent Variable: WAREND2 *(Did the War End for Two Years?)*	*Model 1 Only Ethnic Wars Assume Exogeneity*	*Model 2 All Wars Assume Exogeneity*	*Model 3*[b] *2SLS Linear Prob. Assume Endogeneity*	*Model 4*[c] *2S Probit w/ Rivers & Vuong Test*	*Model 5*[d] *Bivariate Probit rho-Test for Exogeneity*	*Model 6 Probit w/ Partition Interaction Only Ethnic Wars*	*Model 7 Same as Model 6, but for the 5-Year Period*	*Model 8 Probit w/ Partition Interaction All Wars*
EH ethnic	−.048	−.045*				−.081***	−.066***	−.055**
heterogeneity	(.032)	(.025)	—	—	—	(.029)	(.022)	(.022)
index	−.015	−.0127				−.025	−.021	−.015
EHLPOP EH	.0027	.0024				.004**	.003***	.003**
interacted with	(.0019)	(.0015)	—	—	—	(.0018)	(.0013)	(.0014)
log of population	.00084	.0007				.0014	.0011	.0008
WARTYPE		−.265						
ethnic war or	—	(.34)	—	—	—	—	—	—
not?		−.072						
PTEH						.013	−.004	.011
interaction:	—	—	—	—	—	(.012)	(.016)	(.010)
partv2*eh						.0039	−.001	.003
PTLCOST						.311	.22	.244
interaction:	—	—	—	—	—	(.283)	(.311)	(.265)
partv2*logcost						.0961	.069	.0687
PTARMY						−.0015	−.0025*	—
interaction:	—	—	—	—	—	(.001)	(.001)	
partv2*garm						−.0004	−.0008	
ETHPART	—	—	—					−3.82
interaction:	—	—	—	—	—	—	—	(3.46)
partv2*wartype								−.91

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TABLE 8 *(cont.)*

Dependent Variable: WAREND2 (Did the War End for Two Years?)	*Model 1 Only Ethnic Wars Assume Exogeneity*	*Model 2 All Wars Assume Exogeneity*	*Model 3*[b] *2SLS Linear Prob. Assume Endogeneity*	*Model 4*[c] *2S Probit w/ Rivers & Vuong Test*	*Model 5*[d] *Bivariate Probit rho-Test for Exogeneity*	*Model 6 Probit w/ Partition Interaction Only Ethnic Wars*	*Model 7 Same as Model 6, but for the 5-Year Period*	*Model 8 Probit w/ Partition Interaction All Wars*
CONSTANT	1.51	2.25**	1.06***	1.69	1.62	1.75	2.36*	2.29***
	(1.07)	(.86)	(.305)	(1.03)	(1.03)	(1.167)	(1.26)	(.916)
Rho coefficient	—	—	—	—	.093	—	—	—
					(.443)			
Observations	78	122	78	78	78	78	73	123
Log-likelihood	−35.955	−57.399	—	−40.916	−63.633	−35.895	−33.913	−59.211
Pseudo-R^2	0.2399	0.1824	0.1619	0.1350	—	0.2412	0.2409	0.1602
Correctly Classified	79.50%	81.14%	—	—	—	76.92%	78.08%	77.23%
Reduction in Error	37.56%	26.32%	—	—	—	19.72%	28.50%	11.05%

*** significant at the .01 level; ** significant at the .05 level; * significant at the .10 level

[a] Reported are coefficients, standards errors (in parentheses), and marginals (dF/dx), in that order.

[b] Marginals reported only for models 1 and 2 since they are the ones used for inferences. Model 3 goodness-of-fit: F(4, 39) = 4.61. Instrumented: partition; Instruments: wardur garm gdp eh ehlpop.

[c] The first stage regression of model 4 has a Wald chi2(7)=36.38, a log-likelihood= -2.727, and a Pseudo-R^2 = 0.4606. All regressors except GARM are significant at the 5 percent level.

[d] Instruments as in models 3 and 4. All variables except GARM significant at the 5 percent level in the partition selection equation. The selection model's Wald chi2(11) = 50.02.

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the basis of previous research on war termination. A regressor is used only if at least one other scholar has identified it as significant for war termination and peace building.[65]

The results of models 1 and 2 of Table 8 are quite robust to specification tests. A first interesting finding is that, though not significant in either model, partition is positively correlated with ethnic war recurrence in model 1 (it is negatively correlated with WAREND).[66] It is, however, positively correlated with WAREND if we look at the entire population of wars. In fact, among ideological nonethnic wars, partition is a significant determinant of war termination, which implies that nonethnic partitions are more stable and peaceful than ethnic partitions (although these results are driven by the very few cases of nonethnic partition).[67]

The human cost of the war in both models 1 and 2 is negatively correlated with war ending, confirming that the greater the number of people injured by the war, the harder it is to build peace.[68] War outcomes are the most significant and robust variable, though the OUTCOME2 variable is hard to interpret (Table 9 below explains these effects more clearly).[69]

[65] Following are the explanatory variables and the researchers who identified their importance: war duration, Mason and Fett (fn. 33); size of the government's military, Mason and Fett (fn. 33); war outcomes, Licklider (fn. 32) and Walter (fn. 39); ethnic heterogeneity and population size, Collier and Hoeffler (fn. 45); deaths and displacements, Licklider (fn. 32) and Doyle and Sambanis (fn. 45); income per capita, Collier (fn. 45); major power involvement, Singer and Small (fn. 32); foreign intervention, Regan (fn. 33); third-party and UN peace operations, Doyle and Sambanis (fn. 45); democracy, Collier, Elbadawi, and Sambanis (fn. 30) and Håvard Hegre et al., "Towards a Democratic Civil Peace? Opportunity, Grievance, and Civil War, 1816–1992" (Paper presented at the World Bank Conference on the Economics of Political and Criminal Violence, Washington, D.C., February 16–22, 1999). I also controlled for the number of land borders, the decade the war started, and the cold war. I could not include too many of these variables together, given my small data set and the collinearity of these variables.

[66] The Russia-Chechnya case causes the negative sign, and partition is positively correlated with WAREND if I drop that observation. The nonsignificance of partition, however, does not change by deleting that observation. I also sequentially deleted several other cases (e.g., Cyprus 1963/67, Somalia, Tajikistan, India), and the substantive results did not change. The results are also robust to using TYPELICK and TYPESTF instead of WARTYPE to identify ethnic wars.

[67] The opposite argument (without much empirical support) is made in Chaim Kaufmann, "Intervention in Ethnic and Ideological Civil Wars: Why One Can Be Done and the Other Can't," *Security Studies* 6 (Autumn 1997).

[68] The sign of LOGCOST in models 1 and 2 is negative, indicating that the higher the human cost, the greater the probability of war recurrence. This may seem counterintuitive: why would more costly wars lead to new wars? Would not great human cost discourage war recurrence? That reasoning is correct and it is reflected in my findings on war duration (see below), which verify the war-weariness hypothesis. However, controlling for this finding, the probability of war recurrence should be expected to be greater as the human costs of the war increase. These costs measure war-generated hostility and create grievances that may manifest themselves in future conflict. Further, the greater the human and economic cost of the war, the lower should be a country's human capital and the lower the state's capacity to resume normal operations.

[69] OUTCOME2 is a categorical variable denoting whether the war ended in a truce, rebel victory, government victory, or peace settlement. It is highly significant in both models 1 and 2, though interpreting its sign is not straightforward. By disaggregating OUTCOME2, I found some of its components highly correlated with partition. Thus, entering them independently in the regression would increase collinearities. These correlations also generate sufficient concern over the possible endogeneity of partition when both OUTCOME2 and partition are included in the model.

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TABLE 9
FIRST DIFFERENCES OF THE PROBABILITY OF WAR RECURRENCE FOR ETHNIC AND ALL CIVIL WARS[a]

Only Ethnic Wars Difference of	*Estimate of Mean Change in Prob(warend2)=1*	*Standard Deviation of Estimate*	*95% Confidence Interval*	
PARTITION from 0 to 1	−.027	.174	−.374219	.3025837
EH from 25th to 75th percentile	−.601	.322	−.9731405	.2372383
EHLPOP & EH from 25th to 75th percentile	.002	.095	−.1844085	.1865729
OUTCOME2 from truce to treaty	.119	.027	.064833	.1706
LOGCOST from 25th to 75th percentile	−.182	.097	−.3737424	.0045121
All Civil Wars First Difference of	*Estimate of Mean Change in Prob(warend2)=1*	*Standard Deviation of Estimate*	*95% Confidence Interval*	
PARTITION from 0 to 1	.088	.129	−.1755012	.3330738
EH from 25th to 75th percentile	−.621	.269	−.9458801	.1065577
EHLPOP & EH from 25th to 75th percentile	−.082	.067	−.2188984	.0452573
OUTCOME2 from truce to treaty	.098	.025	.0507963	.1499487
LOGCOST from 25th to 75th percentile	−.246	.088	−.416339	-.0723445
WARTYPE from ethnic to ideological	−.094	.123	−.3369971	.1517012

[a] Changes in X-variables are noted in the first column. All other variables are held constant at their means. Some of these probability changes are not statistically significant, as can also be seen in Table 8.

Generally, the more conciliatory the outcome of the war, the greater the probability that the peace will last. War duration is positively correlated with no war recurrence, but it is only significant in model 2. This result is consistent with the findings of Mason and Fett and weakly supports

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the "war weariness" hypothesis.[70] The size of the government's military is also positive but nonsignificant (it is significant only at the 10 percent level in model 2).[71] Real GDP per capita is negatively correlated with war ending, though this association is not significant.[72]

The impact of ethnic heterogeneity on war recurrence is quite interesting. Ethnic heterogeneity (EH) and its interaction term with the log of population (EHLPOP) are not significant in models 1 and 2, despite the emphasis on ethnicity in the civil war literature. Moreover, EHLPOP has a positive sign, indicating that if the ethnic groups are large enough to protect themselves against domination, the risk of war recurrence is smaller. This result is consistent with Fearon and Laitin's analysis of the potential for interethnic cooperation and is robust to different measures of ethnic division (the ELF index) and different model specifications.[73] As I added several interaction terms between partition and other variables in models 6–8, I found a significant negative association between ethnicity and lasting peace but also a significant positive association between peace and larger ethnic groups. Other authors have found that ethnolinguistic and religious fractionalization is a significant determinant of the initiation of civil wars, but my findings suggest that civil war initiation and war recurrence are different phenomena with respect to the role of ethnicity and that ethnic diversity is not as detrimental to peace as many tend to assume.[74]

Models 1 and 2 present short-term results. To see if these results also hold in the medium term, I reestimated models 1 and 2 both five and ten years after the end of the war: the model's fit was roughly the same. However, while no major differences occur in the five-year model, in the ten-year model, war duration is no longer significant and partition is highly significant and negatively correlated with war termination.[75] In models 6–8 I added several interaction terms between partition and LOGCOST, WARTYPE, EH, and GARM, but no appreciably important associations emerged. In model 8 the coefficient of ETHPART—denoting

[70] Mason and Fett (fn. 33). I thank Russ Leng for pointing this out to me.

[71] By contrast, Mason and Fett (fn. 33) find a significant negative correlation.

[72] This finding may be due to selection effects, as I mentioned earlier, but it may also confirm the revenue-seeking economic model of civil war in Collier (fn. 45); and Collier and Hoeffler (fn. 45); the model looks at GDP per capita as a proxy for "lootable" resources, which would increase the risk of war.

[73] James Fearon and David Laitin, "Explaining Interethnic Cooperation," *American Political Science Review* 90 (December 1996).

[74] See, e.g., Collier, Elbadawi, and Sambanis (fn. 30).

[75] This could be due to missing observations. The ten-year model was estimated on fifty cases. The coefficient and robust standard error of partition were −1.137 and .627, respectively, yielding a z-statistic of −1.813 ($P>|z| = 0.070$) and a model log-likelihood = −23.460, with a Wald chi2(8) = 32.14 and a Pseudo $R^2 = 0.3199$.

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ethnic partition—is negatively but not significantly correlated with war termination.

These findings build a strong case against partition theory. Before accepting them, I should address a methodological point with potentially substantive implications. My inferences may depend on the assumption that partition is exogenous to war recurrence, an assumption that makes sense, since war recurrence is observed after the occurrence of partition. It may be, however, that these two variables are jointly determined by a common set of explanatory variables. Thus, there is concern over the possible endogeneity of partition. I therefore estimated several models assuming partition is endogenous and I also tested its exogeneity (see the appendix for technical details and for an explanation of the statistical concept of endogeneity). I present the results of three models that address the issue of endogeneity in Table 8.

I estimate a parsimonious linear probability model treating partition as an endogenous variable (model 3). The model uses several variables that are not correlated with war recurrence (based on the previous estimations) as instruments for partition and reduces the number of exogenous variables in the structural equation to reduce noise in the system of equations. The model has good fit and is well specified. Despite this estimation adjustment, however, partition is not at all significant and continues to have a negative sign. The other key variables (LOGCOST, OUTCOME2, GDP) behave in much the same way as they did in the previous models.

In models 4 and 5 I formally tested (and could not reject) the null hypothesis that partition is exogenous. Model 4 is a two-stage probit model, estimated following Madalla and using the Rivers and Vuong exogeneity test (which was originally designed for continuous endogenous explanatory variables).[76] The exogeneity test consists of a t-test of the estimated coefficient of the predicted residual (RES) of the first-

[76] G. S. Maddala, *Limited Dependent and Qualitative Variables in Econometrics* (Cambridge: Cambridge University Press, 1983); D. Rivers and Q. Vuong, "Limited Information Estimators and Exogeneity Tests for Simultaneous Probit Models," *Journal of Econometrics* 39 (1988). This method is almost identical to Kenneth A. Bollen, D. K. Guilkey, and T. A. Mroz, "Binary Outcomes and Endogenous Explanatory Variables: Tests and Solutions with an Application to the Demand for Contraceptive Use in Tunisia," *Demography* 32 (February 1995). The two-stage probit model produces inefficient standard errors, though the efficiency loss is small. Rivers and Vuong derive the formula that gives the correct variance-covariance matrix, but their procedure is designed for continuous endogenous right-hand-side variables. A methodological discussion and Monte Carlo simulation results reporting the properties of this estimator in small samples are found in Michael Alvarez and Jennifer Glascow, "Two-Stage Estimation of Non-Recursive Choice Models," *Political Analysis* (forthcoming). For a political science application of this method, see Michael Alvarez and L. Butterfield, "The Resurgence of Nativism in California? The Case of Proposition 187 and Illegal Immigration," *Social Science Quarterly* (forthcoming). A discussion of the two binary variable case can be found in Madalla (p. 246).

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stage reduced form equation of partition. The estimated coefficient of RES is .122 and its standard error is .956, so we cannot reject the null hypothesis that partition is exogenous. To confirm this result, I estimated model 5—a bivariate probit model with sample selection (which is a full-information maximum likelihood model)—using the same instruments for partition and the same exogenous variables as in models 3 and 4.[77] The correlation coefficient *rho* (see Table 8) is .093 and its standard error is .443. A Wald test of the hypothesis that *rho* = *0* yields chi2(1) = .043, which does not allow us to reject the exogeneity of partitions at the 0.8346 level. Thus, more efficient estimates are obtained from models 1 and 2 and we can rely on the previously discussed inferences.

Table 9 provides some easily interpretable results of the estimated change in the probability that there will be no war recurrence as a result of changes in key explanatory variables (these changes are also known as first differences). I reestimated models 1 and 2 from Table 8 and simulated (with one thousand repetitions) their parameter estimates using the CLARIFY software.[78] Using those estimates, I obtained the first differences reported.[79] I report the mean and standard deviation of the estimated change in probability (the standard deviation reflects the significance levels of the explanatory variables as in Table 8). Note that the probability of no war recurrence (peace) is slightly reduced by a partition after an ethnic war, although it is increased by 8.8 percent when we use the entire population of civil wars (though this result is not statistically significant). Among the statistically significant effects, it is worth reporting that if the war ends in a treaty instead of a truce, the probability of no war recurrence increases by 11.9 percent in ethnic wars and 9.8 percent in all wars. Finally, the more costly the war, the less stable the peace. By varying LOGCOST from its 25th to its 75th percentile, the probability of no war recurrence drops by 18.2 percent in ethnic wars and 24.6 percent in all wars.

To conclude this section, the evidence does not support the assertion that partition significantly reduces the risk of war recurrence. Hence

[77] For the case of two binary variables, this can be estimated as a seemingly unrelated bivariate probit model with a selection effect. The exogeneity test in this model consists of a Wald test of *rho*, the estimated coefficient of the correlation of the error terms in the structural and reduced-form ("first-stage") equations.

[78] Michael Tomz, Jason Wittenberg, and Gary King, "Clarify: Software for Interpreting and Presenting Statistical Results," version 1.2.1 (June 1, 1999). See also idem, "Making the Most of Statistical Analyses: Improving Interpretations and Presentation" (Paper presented at the annual meeting of the American Political Science Association, Boston, 1999).

[79] Note that these estimates may differ slightly in replications since I did not fix the number seed used to randomly select samples for the simulations.

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there is no support for partition as a policy option if the rationale advanced is that it will prevent future ethnic wars.

Does Partition End Ethnic Violence Short of War?

The third critical hypothesis in support of partition is that the physical separation of ethnic groups will reduce residual, low-level ethnic violence (that is, violence short of war). In this section I test this hypothesis empirically and find that only under carefully specified conditions does partition reduce lower-level violence. In most situations partition will have a negligible effect on residual violence.

The dependent variable in the models estimated in this section is NOVIOL, which takes the suffixes 2 and 5 when it is measured two and five years after the end of the war, respectively. NOVIOL is binary and it is coded 1 if there is no residual violence after the end of the war and 0 otherwise. It is coded based on available information and other data sets that code armed conflict short of war and/or politicides and genocides (a table with details on the coding of each case is included in the online data set). I use two versions of the dependent variable, NOVIOL2 and NOVIOL5, for two and five years after the end of the war.

I start by regressing NOVIOL2 on the explanatory variables from the war-recurrence model, which does not produce many significant results and has low explanatory power. Partition is positively but nonsignificantly associated with an end to lower-level violence (model 1 in Table 10). Given the model's low classification success, it appears that war recurrence and residual violence are substantially different phenomena, so I changed the model's specification in regressions 2–6. First, I disaggregated the OUTCOME2 variable and focused on the signing of treaties, which in model 2 increased the significance level of partitions by doubling its coefficient and reducing its standard error. Treaty is also significant and positive, suggesting that treaties generally do signal the parties' intentions to reconcile their differences. We also find that EHLPOP is significant and positive.[80] Both results seem important. The

[80] This result complements Bates's (fn. 47) findings on the relationship between ethnicity and political violence in Africa. Bates studies the relationship between ethnicity and economic modernization—urbanization, education, and the rise of per capita income, as well as political participation. Focusing on forty-six African countries from 1970 to 1995, he tests the relationship between ethnicity and political violence at several levels (not just wars). He measures the size distribution of ethnic groups, linguistic diversity, and the presence of an ethnic minority at risk, based on the work of a number of other researchers, and shows that the relationship between ethnicity and violence is complicated. Bates finds that "controlling for the impact of other variables, [linguistic diversity] associates with higher levels of violence . . . the size of the largest ethnic group enters quadratically; when the coefficient for the linear term is significant, so too is the coefficient for the quadratic. But as the size of the largest ethnic group grows, the level of violence initially decreases, but then increases; by contrast, the level of protest

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first result seems to support partition theory, though the latter seems to contradict it. These results are essentially the same for the five-year period (NOVIOL5; see model 3 in Table 10).[81]

Models 3 and 4 are differently specified to facilitate sensitivity analysis of the previous results and to achieve higher classification success. Model 3—discussed previously—applies to the five-year period and has more than double the classification success of the two-year model. It shows that partition is not significant for ending residual violence. In model 4 I added the variable INTENSE, which measures the war's intensity and which is positive and extremely significant. Very intense wars seem either to provide no further appetite for violence or to eradicate all resistance early on, so no residual violence is necessary. The GARM variable is not significant in any of the regressions and neither is economic development (proxied by electricity consumption per capita).[82] In model 4 we find that residual violence is significantly reduced by long and bloody wars, but again partition is not significant. Further, the partition variable is extremely fragile to small specification changes. Contrast models 4 and 5, which differ only in that model 4 controls for LOGCOST and model 5 for LOGDEAD (that is, not for displaced persons). The coefficient of the partition variable drops from .67 to .27 (the marginal effect drops from .26 to .10). The other variables are much more stable.

Model 6 is the best-performing model specification; it controls for civil wars in the same country during the previous ten years. That variable is extremely significant and suggests that residual violence is much more likely if the country has had a history of civil war recurrence. This effect is mitigated, however, in the case of long and intense wars, which discourage residual violence. Model 6 has substantially higher classification success than the previous models, but, in general, the models of

initially increases, but then falls" (p. 25). In Bates's analysis, it is extreme polarization that is most associated with violence. My finding that greater heterogeneity and more sizable ethnic groups reduce violence in postwar states is therefore compatible with Bates's result and complements it. I should note however, that Bates's results may not be generally applicable to non-African countries, given that African countries have a generally higher mean level of ethnic heterogeneity and this implies a selection effect *if the results are to be applied widely to non-African countries*. In my data set, for example, the mean and standard deviation of the ethnic heterogeneity index for African countries is 68.82 and 34.58, respectively, whereas for non-African countries it is 50.5 and 31.73. The ethnic heterogeneity index used was created by Tatu Vanhanen, "Domestic Ethnic Conflict and Ethnic Nepotism: A Comparative Analysis," *Journal of Peace Research* 36, no. 1 (1999).

[81] Ten years after the end of the war partition has a negative correlation with an end to low-grade violence, but this result may be an artifact of missing (right-censored) observations (only fifty-five observations are available for the ten-year period).

[82] Thus, development levels and military strength are more relevant with respect to war recurrence than with respect to low-level violence.

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TABLE 10
PROBIT REGRESSIONS OF NO-VIOLENCE
(PART ASSUMED EXOGENOUS)[a]

Dependent Variable: NOVIOL2 *(No Violence for 2 Years?)*	*Model 1 Ethnic War*	*Model 2 Ethnic War*	*Model 3 Ethnic War*	*Model 4 Ethnic War*	*Model 5 Ethnic War*	*Model 6 Ethnic War*
Constant	.783	1.37	1.14	1.55	.586	1.95**
	(.868)	(.924)	(.868)	(.987)	(.978)	(.93)
PART	.298	.668*	.632	.672	.272	.685
did the war result	(.402)	(.387)	(.411)	(.418)	(.371)	(.441)
in partition?	.116	.26	.248	.262	.106	.268
LOGCOST natural	−.144*	−.167*	−.125	−.195**		−.208**
log of deaths &	(.08)	(.087)	(.085)	(.094)	—	(.088)
displacements	−.055	−.064	−.048	−.075		−.080
INTENSE				16.14***	12.05***	21.47**
human cost per	—	—	—	(4.83)	(3.715)	(9.04)
capita per month				6.26	4.69	8.34
LOGDEAD					−.104	
natural log of	—	—	—	—	(.097)	—
deaths					−.04	
OUTCOME2	.276**					
outcome of the war	(.123)	—	—	—	—	—
—four outcomes	.106					
TREATY		.883*	.992**	.869	.756	.955*
was there a treaty	—	(.534)	(.482)	(.559)	(.526)	(.557)
signed?		.341	.380	.335	.294	.367
WARDUR	.0021	.0026	.0028	.004**	.0027	.0047**
duration of war	(.0017)	(.0017)	(.0018)	(.002)	(.0019)	(.0022)
in months	.0008	.0010	.0011	.0015	.0011	.0018

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TABLE 10 *(cont.)*

Dependent Variable: NOVIOL2 *(No Violence for 2 Years?)*	*Model 1* *Ethnic War*	*Model 2* *Ethnic War*	*Model 3* *Ethnic War*	*Model 4* *Ethnic War*	*Model 5* *Ethnic War*	*Model 6* *Ethnic War*
GARM*1,000 size	−.317	−.302	−.173	−.29	−.28	−.174
of the government	(.27)	(.28)	(.22)	(.308)	(.26)	(.31)
military	−.1	−.1	−.067	−.11	−.11	−.067
ELECTRIC*1,000	.055	.009	−.040	−.053	−.0195	−.134
electricity consump-	(.117)	(.124)	(.13)	(.13)	(.15)	(.12)
tion p.c.; kilowatt hours	.02	.0036	−.015	−.02	−.0076	−.052
EH	−.017	−.02*	−.027*	−.032**	−.035**	−.024*
ethnic heterogeneity	(.013)	(.011)	(.015)	(.013)	(.014)	(.012)
Index	−.006	−.0077	−.011	−.012	−.013	−.0092
EHLPOP	.00097	.001*	.0013*	.0017***	.0019***	.0014**
ethnic heterogeneity	(.00069)	(.0005)	(.00074)	(.00068)	(.00073)	(.00062)
* log of population	.00037	.00042	.0005	.00068	.00074	.00055
PW10						−.85***
civil war in	—	—	—	—	—	(.34)
previous ten years?						−.323
Observations	77	77	72	77	77	77
Log-likelihood	−45.952	−45.608	−43.020	−43.713	−45.983	−40.606
Pseudo-R^2	0.1209	0.1274	0.1258	0.1637	0.1203	0.2231
Classification success	63.63%	61.03%	65.27%	67.53%	66.23%	71.42%
Reduction in error	20%	14.25%	46.79%	28.55%	25.69%	37.11%

*** significant at the .01 level; ** significant at the .05 level; * significant at the .10 level

[a]Coefficients, standards errors reported (in parentheses), and marginals (dF/dx).

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residual violence do not fit the data as well as the models of war recurrence discussed earlier. Thus, the lack of significance of the partition variable may be a function of omitted variables that could be identified in further theoretical research. At the same time model 6 confirms the results discussed earlier with respect to the positive impact of ethnic diversity, if ethnic groups are large (EHLPOP variable).

In sum, I can point to only very weak evidence in support of the hypothesis that partitions help end low-level ethnic violence (in model 2 and some variants). More importantly, the positive impact of partitions seems fragile and extremely dependent on whether or not the war ended in a treaty, on the war's intensity, on the number of people displaced by the war, and on the number and size of ethnic groups.

To confirm that these results are not influenced by the potential endogeneity of partitions to low-grade violence, I tested once again for exogeneity. I estimated model 4 using a 2SLS linear probability model using many different combinations of instrumental variables to see whether the coefficient of partition would become significant if endogeneity is assumed. I used as instruments only variables that were not significantly associated with low-level violence in the previous regressions. I could not, however, find any results that would increase my confidence in the significance of the partition variable.[83]

To summarize, I find only weak support for the hypothesis that partitions are significant for an end to low-grade ethnic violence after civil war. Models supporting that hypothesis are very sensitive to small specification changes. Models controlling for the potential endogeneity of partition are not robust, have poor fit to the data, and are quite sensitive to the choice of instrumental variables.

Conclusion

Population movements to partition states during or after civil war are coerced, painful, and costly, and they may sow the seeds of future conflict. It is therefore imperative that international policy toward partition

[83] Results are available from the author. Finding good instruments in this data set has proven notoriously difficult. I did not change the specification of model 4; rather I just added and dropped instruments and considered other variables as potentially endogenous (specifically, WARDUR, LOGCOST, TREATY, ENERCAP). The instruments I used in various combinations were GEO, BORDER, EH, GDP, URBST (urban population at the start of the conflict), GARM, INTERVEN (was there an external intervention?), MAJOR (was there a major power involved?). I found only one permutation that made partition significant, but when I estimated this model using a bivariate probit estimator, I found that the error terms of the structural and reduced-form first equation were perfectly correlated (*rho* = 1), which indicates either that there was too much noise in the system or that the distribution is not a bivariate normal.

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be informed by rigorous, empirically verified arguments, rather than by untested theory. In this paper, I have provided a host of empirical tests, starting with an empirical inquiry into the determinants of war-related partition. I have found that partitions are more likely after costly ethnic/religious wars, after rebel victory or truce, and in countries with better-than-average socioeconomic conditions. Partitions are more likely where ethnic groups are large; they are less likely to occur as the degree of ethnic heterogeneity increases.

My analysis has also shown that the differences between ethnic and nonethnic wars with respect to war termination and partition are small. The relationship between the degree of ethnic heterogeneity and the need for partition is not as straightforward as partition theorists assume.[84] The finding that partition does not significantly prevent war recurrence suggests, at the very least, that separating ethnic groups does not resolve the problem of violent ethnic antagonism.

These findings lead me to formulate a new hypothesis for future research: if border redefinition is in the cards after civil war (or before war), then the strategy of supporting ethnic diffusion by combining rather than partitioning large ethnic groups may be worth pursuing. Thinking along these lines could be very useful for Africa in particular, given the persistent concern about the "unnaturalness" of Africa's borders and the recent debate about redefining those borders in the hope of reducing the incidence of civil wars.[85] Partition theorists would argue for the partition of warring African states into a multitude of ministates each of which is composed of a single ethnicity group. Even if this solution reduces the incidence of internal war, it will almost certainly increase the incidence of international war. Based on the empirical findings of this paper, I would put forth a rival hypothesis: if borders can be credibly and securely redrawn, then combining several large ethnic groups in a larger multiethnic state may reduce the probability of new wars. It would be useful for further research to try to clarify any threshold effects that may be associated with the size of ethnic groups as they affect the likelihood of violent secessionist activity.

No doubt this proposal is difficult, perhaps infeasible. Skeptics, however, should at least acknowledge that the political dangers of ethnic diversity are imperfectly understood and that, despite the practical

[84] To cite Horowitz (fn. 2), 135: "Is there any reason to believe that the more pronounced the cultural differences that exist between groups, the greater the ethnic conflict? There has been no shortage of offhanded assertions that cultural differences engender ethnic conflict. But . . . systematic statements of the relationship are more difficult to find."

[85] See, e.g., Jeffrey Herbst, "Responding to State Failure in Africa," *International Security* 21 (Winter 1996–97).

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difficulty of my proposal, it is at least based on a more nuanced understanding of the relationship between ethnicity and political violence. Indeed, much of the best recent research on political violence consistently points to the fact that ethnic diversity need not generate violence. Economic studies of the occurrence of civil war in a sample of 161 countries have found a parabolic relationship between ethno-linguistic and religious fractionalization and the onset and duration of civil wars.[86] Work in political science, too, has steadily reinforced this point.[87] Bates, for example, casts "doubt upon a . . . tenet of conventional wisdom: that ethnic diversity promotes violence." He finds that the "red zone" for violent conflict occurs "when an ethnic bloc may be sufficient in size to permanently exclude others from the exercise of power."[88] Thus, enhancing ethnic diversity while strengthening political institutions can be beneficial. So why partition states to reduce ethnic diversity?

Perhaps there are other benefits to be derived from partition—democratization, for example. The jury is still out on this question. My empirical analysis shows that partitions may have such an effect, but this effect may be due to the prewar institutions of civil war–torn countries; such institutions may be at least as important as partition in determining the democratic future. And the process of democratization itself may harbor dangers and cause violence.[89] Thus, international policy aimed at preventing war recurrence should promote institution building and socioeconomic development before war occurs in the first place, rather than supporting partition after war occurs.

Partition, as we have seen, does not help reduce the risk of war recurrence. Partitions are in fact positively (though not significantly) associated with recurrence of ethnic war. The probability of a new war rises in tandem with the human toll of the previous war and with nondecisive outcomes to the war. War recurrence is also positively, though not significantly, associated with GDP per capita[90] and with ethnic heterogeneity, though as ethnic groups become larger, new wars tend to

[86] Collier, Elbadawi, and Sambanis (fn. 30).

[87] Laitin and Fearon (fn. 73).

[88] My findings need not agree entirely with Bates's (fn. 47), since our samples and research questions differ. I have not measured the size of the largest ethnic group, which is critical in his argument, but I do find that greater ethnic heterogeneity within the context of a larger population reduces the risk of war recurrence and residual violence. This is consistent with Bates.

[89] Bates (fn. 47), 28. The dangers of the process of democratization, as opposed to the end goal of democracy, should not be underestimated. On the potential of regime transitions, including democratic transitions, to create civil war, see Hegre et al. (fn. 65).

[90] This correlation between GDP and war recurrence may seem counterintuitive since we saw that higher GDP is correlated with higher democracy, which is negatively correlated with civil war. The impact of GDP is ambiguous because GDP can be a proxy both for the country's overall development level, which should be positively associated with peace, and for "loot," inciting new wars; see Collier and Hoeffler (fn. 45).

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become less likely.[91] Negotiated settlements, a strong government army, and a lengthy previous war all reduce the probability of war recurrence. Thus, if the international community's interest lies in preventing new civil wars, it could manipulate some of these significant variables toward desirable goals. It could, for example, take steps to enhance the government's military and support decisive war outcomes.[92] Or it could support the negotiation of peace treaties, which reduce the threat of new violence. Again, what the international community should not do to prevent future wars is promote partition.

One benefit that can come from partition is the reduction of residual low-level ethnic violence. Certainly, it follows that if ethnic groups divide into ethnically homogeneous territorial units, the risk of ethnic conflict declines. I have found that this result depends critically on the number of displaced people, as well as on the way the previous war ended and on the country's longer war history. The probability of low-level violence is shaped by some of the same variables that influence war recurrence, but it also is a function of different determinants. The previous discussion of how to prevent war therefore applies to residual violence, but with some modifications. To reduce residual violence, it is important to prevent war recurrence, as patterns of large-scale violence over time seem to encourage lower-level violence.

Fine-tuning a war-to-peace transition is a difficult task because peace-building strategies can often backfire. For example, promoting economic growth may assist democratization and promote peace, but it can also lead to new wars by expanding the potential economic gains from a new rebellion. Strategies to support the government's prewar institutions and its military may also achieve peace, but they may do so at the expense of justice.

Muddling through this difficult terrain, I would propose an empirically derived strategy for resolving ethnic wars. This strategy demands action by the international community, which must promote democracy as its number one conflict-prevention strategy. If violence does erupt, its priority should be to facilitate a negotiated settlement, as well as to integrate and downsize the government's military. According to my empirical analysis, these strategies can be effective. If border redefinition is a viable option—and it should be an option only if it does not

[91] Despite the fact that this study looks only at cases where war has already taken place, the results on the impact of ethnic heterogeneity are compatible with studies of initial war occurrence, in that ethnic heterogeneity seems to increase the risk of war at first, but as the degree of heterogeneity increases, that risk declines. In my analysis, however, this effect has not been statistically significant.

[92] Such a strategy, however, might indirectly support political repression, so it must be carefully and selectively applied and militaries should integrate the rebel army if possible.

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assist one party at the expense of another—then ethnic integration rather than ethnic partition may be a winning strategy. In addition to having the potential for greater success than partition, this strategy is also not loaded with subjective and arbitrary assumptions about the necessity for ethnically pure states and about the futility of interethnic cooperation. Only in the most extreme cases may partition be necessary, indeed inevitable. Those cases must be handpicked on the basis of political analysis of regional and global constraints, the history of the preceding war, and the special traits of the society in question. More research on this topic will help pinpoint the benefits and the dangers of partition under different conditions. What this study has suggested is that, on average, partition may be an impossible solution to ethnic civil war.

Appendix: Testing for the Possible Endogeneity of Partitions

A number of explanatory variables are correlated with both partition and no war recurrence. This raises concerns about possible endogeneity of partition in models of war recurrence. This appendix explains the problem of endogeneity to which I refer in the text and explains how the problem can be addressed.

Endogeneity results if a system of simultaneous equations has correlated error terms. Here, we have a system of two equations of partition (P) and war recurrence (W):

$$P_i = \alpha + \beta_1 \mathbf{M}_i + \beta_2 X_i + \varepsilon_i \quad (1)$$

$$W_i = \gamma + \beta_3 P_i + \beta_4 \mathbf{M}_i + \beta_5 \mathbf{Z}_i + \mu_i \quad (2)$$

where equation 1 determines the incidence of partition (P) and equation 2 determines war recurrence (W). $\mathbf{M}_i$ is a vector of common variables in the two equations and β_1 is the vector of coefficients of $\mathbf{M}_i$; $\mathbf{X}_i$ is a vector of instrumental variables (correlated with partition but not with war recurrence) and β_2 is a vector of their coefficients; $\mathbf{Z}_i$ is a vector of variables that are correlated with war recurrence and β_5 is a vector of their coefficients. Endogeneity stems from the possible correlation between ε_i and μ_i (both of them disturbance terms with mean zero and no correlation to the other explanatory variables). The presence of common explanatory variables in equations 1 and 2 (that is, the variables in $\mathbf{M}_i$) implies that ε_i and μ_i may be correlated, in which case, a simple probit regression would produce biased parameter estimates.

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To resolve this problem, we must first test for endogeneity, and if we detect it, we must estimate a model that corrects for it as in the two-stage least squares model for linear regression. This problem is harder when the dependent variable is binary. The two-state probit used by Bollen, Guilkey, and Mroz, following Rivers and Vuong, is a model that has been shown to generate consistent parameter estimates with small efficiency loss. This model has attractive properties.[93] The procedure is similar to 2SLS: first, estimate the reduced form of equation 1 using a probit regression, obtaining predicted values (PHAT) of the dependent variable (PART).[94] Then, compute the error of that prediction (RES) and plug the PHAT into equation 2, replacing PART. PHAT is uncorrelated with the disturbance term in equation 1. Then, estimate equation 2 using a probit regression with robust standard errors. The resulting coefficient estimates are consistent asymptotically inefficient.[95] However, evidence from small-sample Monte Carlo simulations has shown that the efficiency loss is very small.[96]

To determine whether this process should be used, a simple exogeneity test can be applied. This involves a t-test of the estimated coefficient of the prediction error (RES), added as a regressor along with the actual value of PART in equation 2 in the model of war recurrence.[97] If RES is nonsignificant, we cannot reject the null hypothesis of exogeneity of partitions and we should rely on the simple probit estimates. Applying this method to the no-war-recurrence model, I find that more efficient results are reached by models that assume exogeneity. This is confirmed by estimating a bivariate probit model of war recurrence that provides efficient standard errors (estimated by maximum likelihood) and a different test of exogeneity.

[93] The choice of estimator depends on the number of observations, the degree of identification of the model, the number of potentially endogenous variables, and the goodness of fit of the first-stage equation. See Bollen, Guilkey, and Mroz (fn. 76).

[94] Use of this method is strictly based on attaining an R^2 no smaller than 10 percent in equation 1. In my case, the R^2 was higher than 30 percent. Further, Bollen, Guilkey and Mroz (fn. 76) discuss evidence from Monte Carlo simulations that suggest that the models' identification must be less than 75 percent for the two-step probit estimator to be preferable to the simple probit (i.e., the overlapping variables in the two equations must be fewer than three-fourths of the total number of right-hand-side variables in the structural equation).

[95] T. Amemiya, "The Maximum Likelihood and the Nonlinear Three-Stage Least Squares Estimator in the General Nonlinear Simultaneous Equation Model," *Econometrica* 45 (1978).

[96] See Bollen, Guilkey, and Mroz (fn. 76); and G. Tauchen, "Diagnostic Testing and Evaluation of Maximum Likelihood Models," *Journal of Econometrics* 30 (1985). Formulas to compute efficient standard errors can be found in Maddala (fn. 76), and a method to estimate the asymptotically efficient covariance matrix when the model is overidentified has been developed by Amemiya (fn. 95). Alvarez and Butterfield (fn. 76) use bootstrapping to obtain estimates of the correct standard errors.

[97] Bollen, Guilkey and Mroz (fn. 76) find this to be the best-performing exogeneity test.

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DEGREES OF DEMOCRACY
Some Comparative Lessons from India

By PATRICK HELLER*

INTRODUCTION

ONE of the most remarkable developments of the late twentieth century has been the number of countries that have made the transition from authoritarian to democratic rule. Even if, following Linz and Stepan,[1] one employs an exacting definition of democratic consolidation, there are far more countries today in which democracy is the only game in town than was the case just fifteen years ago. This development has in turn produced an empirically and theoretically rich literature on democratic transitions and consolidation. But if we have learned much about the conditions and processes under which the transition to democracy takes place, we have only just begun to scratch the surface of the equally challenging question of the *effectiveness* of democracy in the posttransition period. As Linz and Stepan note, beyond the consolidation of democracies there is room to

> improve their quality by raising the minimum economic plateau upon which all citizens stand and by deepening political and social participation in the life of the country. Within the category of consolidated democracies there is a continuum from low to high quality democracy; an urgent political and intellectual task is to think about how to improve the quality of most consolidated democracies.[2]

This paper takes up this challenge by drawing on the case of India, which is of particular significance for theories of democratic deepening on two counts. First, the general picture of Indian democracy stands as a reminder that there is no linear progression to democracy. Much as

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[1] Juan Linz and Alfred Stepan, *Problems of Democratic Consolidation* (Baltimore: Johns Hopkins University Press, 1996).

[2] Ibid., 6.

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the robustness of India's democratic institutions has been rightfully celebrated, the effectiveness of those institutions is increasingly in doubt. Fifty-three years of almost uninterrupted democratic rule has done little to reduce the political, social, and economic marginalization of India's popular classes. Second, a more disaggregated picture reveals that within the unitary institutional domain marked by the boundaries of the Indian nation-state, there are degrees of democracy or, as Guillermo O'Donnell has put it, differences in the intensity of citizenship.[3] India's posttransition history has produced multiple trajectories of democratization. Taken together these observations inform the central theoretical argument of this paper: in order to understand the conditions under which democracy can be deepened, we need to develop accounts of democratization that explore the dynamic interactions between institutions and social processes.

I define posttransition democratic deepening as a process under which the formal, effective, and substantive dimensions of democracy become mutually reinforcing. In much of the late-developing world social and economic conditions have conspired to limit the capacity of subordinate groups to effectively exercise their rights and to secure substantive gains. This has often produced a vicious cycle in which the ineffectiveness of formal democracy produces increased social tensions, which in turn trigger autocratic political responses and "movements of rage."[4] In India the increasing incidence of caste and communal violence, the criminalization of politics, the spread of corruption, and the rise of ethnic-chauvinist and communitarian parties all point to a crisis of the democratic state.[5] Within India there are, however, important exceptions.[6] Atul Kohli, for instance, has argued that the continuous

[3] O'Donnell, "On the State, Democratization and Some Conceptual Problems: A Latin American View with Glances at Some Postcommunist Countries," *World Development* 21, no. 8 (1993).

[4] Huber, Rueschemeyer, and Stephens provide a discussion of why a "vicious cycle" of interaction between these three dimensions of democracy—which they label formal, participatory, and social—is symptomatic of new democracies. Evelyne Huber, Dietrich Rueschemeyer, and John D. Stephens, "The Paradoxes of Contemporary Democracy: Formal, Participatory, and Social Dimensions," in Lisa Anderson, ed., *Transitions to Democracy* (New York: Columbia University Press, 1999).

[5] Mehta, for example, notes that "there is a widespread sense that the state and its laws can be manipulated to serve particular interests, that official decisions are guided by no principle but expediency, and that even this uncertain restraint on the arbitrary use of power is wearing thin." Pratap Mehta, "India: Fragmentation amid Consensus," *Journal of Democracy* 13, no. 1 (1997). See also Sugata Bose and Ayesha Jalal, eds., *Nationalism, Democracy and Development* (New Delhi: Oxford University Press, 1999), 59.

[6] Although this is hardly surprising in a federal system marked by such a high degree of socioeconomic heterogeneity, most treatments of Indian democracy focus on the national picture. When democracy is examined at the subnational level, the emphasis has almost always been on variations in the political party system, not on democratic deepening. State-level studies moreover remain more concerned with scaling-up to develop theories of Indian *democracy* than with scaling-down to develop theories of Indian *democracies*.

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rule of a disciplined, left-of-center party in West Bengal—the Communist Party of India, Marxist (CPM)—has produced both order and some success in alleviating poverty.[7] The case has also been made that because of different histories of caste reform movements, democracy in South India is deeper than in the North, marked by more political participation and significant achievements on the social development front.[8] The most distinct departure from the general pattern, however, is the case of the southwestern state of Kerala (population thirty-one million). Here, as I hope to show, the procedural, effective, and substantive elements of democracy have evolved in a virtuous cycle, resulting in the political and economic integration of subordinate classes. Often cited as an exceptionally successful case of social development, substantive democracy in Kerala—which has included successful land reforms, poverty reduction, and social protection measures—has been tied to a long history of social mobilization and effective public intervention.[9] In contrast to the transition literature and an older literature on political modernization, both of which emphasize the difficulties developing countries face in managing high levels of popular mobilization, the case of Kerala suggests that under certain conditions, organized societal demands and democratic governance can be mutually reinforcing. And if the case of Kerala helps us understand the conditions under which democratization flourishes, it also allows us to reconstruct why the same conditions have not obtained for the rest of the country. This reconstruction in turn takes us beyond the analyses of elite decision making and institutional design that have informed much of the transition literature.[10] It brings us to causal accounts that in the

[7] Kohli, *The State and Poverty in India* (Cambridge: Cambridge University Press, 1987); idem, *Democracy and Discontent: India's Growing Crisis of Governability* (Cambridge: Cambridge University Press, 1990).

[8] Ashutosh Varshney, "Is India Becoming More Democratic," *Journal of Asian Studies* 59 (February 2000).

[9] On all the key measures of quality of life, Kerala has achieved levels that rival those of the West and are decades ahead of national averages. For a classic early study, see United Nations, *Poverty, Unemployment and Development Policy: A Case Study of Selected Issues with Reference to Kerala* (New York: Department of Economic and Social Affairs, 1975). For the most recent comparison with India, see Jean Drèze and Amartya Sen, *India: Economic Development and Social Opportunity* (Delhi: Oxford University Press, 1995). Important studies that highlight the role of social movements include Richard Franke and Barbara Chasin, *Kerala: Radical Reform as Development in an Indian State* (San Francisco: Food First Development Report no. 6, 1989); K. P. Kannan, *Of Rural Proletarian Struggles: Mobilization and Organization of Rural Workers in South-West India* (Delhi: Oxford University Press, 1988); and V. K. Ramachandran, "On Kerala's Development Achievements," in Jean Drèze and Amartya Sen, eds., *Indian Development* (Delhi: Oxford University Press, 1996).

[10] Most notably, see Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead, eds., *Transitions from Authoritarian Rule: Prospects for Democracy*, 4 vols. (Baltimore: Johns Hopkins University Press, 1986). In a review of the transition literature, Shin writes that the establishment of "viable democracy" is seen as "a product of strategic interactions and arrangements among political elites,

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tradition of Barrington Moore's classic work on the social origins of democracy highlight the ways in which historically conditioned dynamic relations among broadly constituted social actors drive not only the *making* of democracy but also the *deepening* of democracy.[11] Such an analysis, in particular, helps us excavate the critical role played by subordinate classes.[12]

The Democracy Debate

The debate on democratic transitions has understandably focused on the installation of electoral, constitutional, and procedural institutions, with the unit of analysis invariably the nation-state. While useful for typologizing regimes and differentiating democracy from authoritarianism, focusing on formal national-level institutions provides only limited analytical leverage for conceptualizing democratic deepening. Because institutions and politics are relational and configurational, their attributes are never perfectly isomorphic either horizontally across different policy arenas or vertically from one level of the state to another. As the state radiates out from its geographic and functional core, its authority and its effectiveness fluctuate dramatically. Much as state-society theorists have recently called for disaggregating the state,[13] we need to disaggregate democracy. As conventionally defined, formal democracy is marked by universal suffrage, regular and competitive elections,

conscious choices among various types of democratic constitutions, and electoral and party systems." Doh Chull Shin, "On the Third Wave of Democratization: A Synthesis and Evaluation of Recent Theory and Research," *World Politics* 47 (October 1994), 139.

[11] Moore, *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (Boston: Beacon Press, 1966).

[12] If the first generation of analysts of democratic transitions highlighted the role of elite political actors (see fn. 10), a second generation has looked beyond the moment of the negotiation of transitions to more historical explanations in which the role of subordinate actors assumes greater explanatory weight. See, for example, Ruth B. Collier and David Collier, *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics* (Princeton: Princeton University Press, 1997); Ruth B. Collier and James Mahoney, "Adding Collective Actors to Collective Outcomes: Labor and Recent Democratization in South America and Southern Europe," *Comparative Politics* 24, no. 3 (1997); Anthony Pereira, *The End of the Peasantry: The Rural Labor Movement in Northeast Brazil, 1961–1988* (Pittsburgh, Pa.: University of Pittsburgh Press, 1997); Gay W. Seidman, *Manufacturing Militance: Workers' Movements in Brazil and South Africa, 1970–1985* (Berkeley: University of California Press, 1994); Deborah Yashar, *Demanding Democracy: Reform and Reaction in Costa Rica and Guatemala, 1870s–1950s* (Stanford, Calif.: Stanford University Press, 1997); and Glenn Adler and Eddie Webster, "Challenging Transition Theory: The Labor Movement, Radical Reform, and Transition to Democracy in South Africa," *Politics and Society* 23 (March 1995). For the most important treatment of how subordinate actors, and in particular working classes, have contributed to democratic deepening, see Dietrich Rueschemeyer, Evelyne Huber Stephens, and John D. Stephens, *Capitalist Development and Democracy* (Chicago: University of Chicago Press, 1992).

[13] Joel Migdal, Atul Kohli, and Vivienne Shue, eds., *State Power and Social Forces: Domination and Transformation in the Third World* (Cambridge: Cambridge University Press, 1994).

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accountability of state apparatuses to elected representatives, and legally codified and enforced rights of association.[14] An *effective* democracy is one in which democratic practices have spread throughout society, governing not only relations between states and citizens but also public relations between citizens. Functionally and geographically the degree of public legality in many formal democracies remains severely constrained. In such democracies, notes O'Donnell, "the component of democratic legality and, hence, of publicness and citizenship, fades away at the frontiers of various regions and class, gender and ethnic relations."[15] Public spaces disappear to be replaced by areas of privatized power. Local institutions and officials are colonized by bosses, chiefs, dons, or caciques. Patrimonialism, clientelism, and coercion eat away at democratic authority. Thus we must look beyond the macroinstitutional level of parliaments, constitutions, and elections. And we must investigate instead the intermediate- and local-level institutions and consultative arenas located in the interstices of state and society where "everyday" forms of democracy either flourish or founder. We need, in other words, a political sociology of democracy, one that specifically recognizes that a working democracy must be an effective democracy.

An effective democracy has two interrelated characteristics—a robust civil society and a capable state. A free and lively civil society makes the state and its agents more accountable by guaranteeing that consultation takes place not just through electoral representation (periodic mandates) but also through constant feedback and negotiation. Civil society is critical to democratic performance because it extends the scope and style of claim making beyond the formal interest representation that defines political society. Social movements, associations, and unions raise new issues and mobilize new actors. In doing so they not only provide a counterbalance to more bureaucratic and aggregated forms of interest representation, but they also create new solidarities, which in many instances specifically challenge existing inequalities and hence help democratize society itself. The key point here is that the health of a democracy is measured as much in the qualitative nature of its social patterns of association as in the formal character of its institutions. And while these two variables condition each other—associational patterns are conditioned by institutional environments, and institutional responsiveness is conditioned by associational vitality—the interaction can be positively reinforcing just as it can be mutually corrosive.

[14] Huber, Rueschemeyer, and Stephens (fn. 4), 168.
[15] O'Donnell (fn. 3), 1361.

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The capacity of the state is also central to the effectiveness of democracy. Procedural guarantees of civic and political rights, including rights of association and free speech, do not automatically translate into the effective exercise of democratic rights. Citizenship is not a right, it is a relation. Where inequalities between social categories are so pronounced as to create extraconstitutional forms of binding authority (clientelism, patriarchy, caste subordination), the exercise of citizenship is subverted. As theorists of civil society have long argued, its associational qualities emerge only when it is doubly differentiated from the state and from primary social groupings (families, kinship groups, lineages). A precondition for the effective exercise of civic and political rights requires a state capable of securing the even, uniform, and rational-legal enforcement of public authority. Individuals and groups must be protected from arbitrary state action but also from forms of social authority that might constrain or impinge upon their civic and political liberties. And creating public spaces that are protected from nondemocratic forms of authority requires far more than writing constitutions and holding officials accountable. It marks a fundamental shift in the distribution and locus of what Weber called "legitimate domination" from society to state. Given the contested and unfinished process of state formation in much of the developing world, the writ of legally enforced public authority remains limited, producing a low-intensity form of citizenship.[16] This problem is tied to both the infrastructural and the authoritative limits of state power. Infrastructurally, the apparatuses of the state—the police, the judiciary, the educational system—are simply cast too thinly and too unevenly to enforce and provide for citizen's rights. Authoritatively, the state's legitimate realm of domination (constitutionally prescribed arenas in which its authority is binding and backed by coercion) is contested and weakened by countervailing sources of authority.

Finally, in the context of the developing world the distinction between formal and substantive democracy has to be taken more seriously. Because the Western trajectory of democratization passed, as T. H. Marshall argued,[17] through incremental stages of the civil, the political, and the social, most political scientists have treated the formal and substantive aspects of democracy as discrete and sequential phenomena. Yet while the distinction between process and outcome is heuristically useful, in the context of the developing world there are compelling reasons not to treat these attributes of democracy in analytical isolation.

[16] Ibid.

[17] Marshall, *Citizenship and Social Class*, ed. Tom Bottomore (London: Pluto Press, 1992).

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First, a strong case can be made that the persistence of acute social inequities compromises the basic logic of associational autonomy that informs the classical liberal claim for defending procedural democracy on its own merits.[18] As Weyland notes, "Abject poverty forces many people into clientelist bonds with elites who offer minimal benefits and protection in exchange for obedience and political support—that is for an abdication of citizen rights."[19] In much of the developing world—and especially in the so-called informal sector—economic relations are to a great extent reproduced through social and political forms of domination. The intimate nexus between these domains, which exists at both the structural and the individual level, reduces the effective utility of formal political rights to subordinate groups. As Vilas notes succinctly, "Institutional rules are less important in these situations than personal arrangements and connections based on reciprocities, real or symbolic, explicit or implicit."[20]

Second, in the postcolonial and postsocialist world, where the franchise was extended wholesale rather than incrementally, democratic legitimations were infused from the outset with substantive demands for distributive justice. Because peasants and workers were politically empowered at a much earlier stage of economic development than were their European counterparts, the tension between citizenship rights and property rights has always been especially acute. But in most democracies of the developing world the predominant pattern of subordinate-class incorporation has been clientelism or populism, rather than economic integration through the expansion of social citizenship, a pattern that has invariably exacerbated social tensions and threatened democratic stability.[21] In Latin America unresolved conflicts between propertied elites and the redistributive demands of organized labor or peasant movements have repeatedly produced authoritarian responses. In the East European context Przeworski et al. have argued that democratic consolidation is critically tied to the effectiveness with which elected governments can manage the social costs of market transitions. Linking the question of the legitimacy and viability of democratic rule to substantive outcomes, Przeworski et al. argue that "regardless of their

[18] For an important discussion of this point, see Jonathan Fox, "The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico," *World Politics* 46 (January 1994).

[19] Kurt Weyland, *Democracy without Equity: Failures of Reform in Brazil* (Pittsburgh, Pa.: University of Pittsburgh Press, 1996), 5.

[20] Carlos Vilas, "Democracy and the Whereabouts of Participation," in Doug Chalmers, Scott Martin, and Kerianne Piester, eds., *The New Politics of Inequality in Latin America* (New York: Oxford University Press, 1997), 19.

[21] Nicos Mouzelis, "Modernity, Late Development and Civil Society," in John A. Hall, ed., *Civil Society: Theory, History and Comparison* (Cambridge, UK: Polity Press, 1995).

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age, democracies persist whenever all the major political forces find that they can improve their situation if they channel their demands and their conflicts within the democratic institutions."[22]

The substantive outcomes against which a democratic regime is judged are of course historically contingent. Comisso, for example, argues in her review of the track record of democratization in Eastern Europe that substantive democracy has assumed three different forms—liberal (sustaining a free enterprise economy), national (preserving a particular national characteristic), and egalitarian (promoting equity).[23] Most irreducibly, however, effective democracies give rise to redistributive pressures, as indeed classical theorists from Locke to Marx were quick to recognize. Przeworski makes this same point with characteristic clarity: "If the median voter is decisive, and if the market-generated distribution of income is skewed toward lower incomes (as it always is), then majority rule will call for an equality of incomes."[24] Where such interests fail to be aggregated or where the state fails to be responsive, democratic consolidation itself is threatened. As Linz and Stepan comment: "If a democracy never produced policies that generated government-mandated public goods in the areas of education, health, transportation, some safety net for its citizens hurt by major market swings, and some alleviation of gross inequality, democracy would not be sustainable."[25]

In sum, any understanding of democratic deepening must recognize the complicated interplay of the formal, effective, and substantive dimensions of democratic rule. Formal civic and political rights mean little if they are not backed by the authoritative power of the state or are routinely suspended or transgressed by extrademocratic powers. And effective rights of association and representation will necessarily give rise to substantive tests of the legitimacy of democratic rule.

The Limits of Effective Democracy in India

In any federal parliamentary system, and especially one that has been erected on an extremely heterogenous social landscape, the quality of

[22] Adam Przeworski et al., *Sustainable Democracy* (Cambridge: Cambridge University Press, 1995), 70. In an earlier work Przeworski framed the question of transitions in static political equilibria terms, concluding that successful transitions are built on elite pacts that are "inevitably conservative, economically and socially." Quoted in Adler and Webster (fn. 12), 84.

[23] Ellen Comisso, "Is the Glass Half Full or Half Empty? Reflections on Five Years of Competitive Politics in Eastern Europe," *Communist and Post-Communist Studies* 30, no. 1 (1997).

[24] Adam Przeworski, "The Neoliberal Fallacy," *Journal of Democracy* 3, no. 3 (1992).

[25] Linz and Stepan (fn. 1), 12–13.

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democracy is bound to vary dramatically. Within the boundaries of the Indian nation-state the formal institutional parameters of democratic rule can be held constant. Variations instead have to be located along the effective and substantive dimensions of democracy. These are dynamic relationships that have to be explored through a configurational analysis. Kerala lies at one end of the range of possibilities and represents one of many possible paths to democratic deepening in India. In order to tease out its configurational specificity and to identify the causal historical dynamics at work, the following section attempts to provide both context and comparative leverage by exploring the general pattern of posttransition democratization in India.

India's democratic institutions have withstood the test of time and the test of a fissiparous society. The basic procedural infrastructure of democracy—specifically the constitution and guarantees of the rights of association, the separation of powers, and regular and open elections at both the national and the state level—has become firmly entrenched.[26] At a minimum, despite infamous recent episodes of communal and caste violence, democratic institutions have not only helped forge a nation from multiple nationalities but have also institutionalized acceptance of the uncertainty of rule that comes with competitive elections.[27] The authoritarian episode of 1975–77 notwithstanding, the prospects of a democratic reversal in India are remote. India's dominant class factions, proprietary and professional, support democracy, if for no other reasons than that they have benefited so handsomely from the largesse of India's democratic politics of patronage.[28]

The effectiveness of India's democratic institutions is an altogether different matter. Throughout vast regions of India the exercise of citizenship rights, even in the limited political sense of the term, is circumscribed by the persistence of traditional forms of social control. With more than half of India's rural households depending on landlords for access to land or labor, clientelistic ties remain key to the sur-

[26] There are a total of twenty-five states in India, fifteen of which have populations surpassing fifteen million (hereafter the "major" states). Indian states have their own legislatures and executives and under India's federal constitution enjoy a wide range of powers and responsibilities, including independent sources of revenue collection (primarily sales taxes) and a wide range of development functions.

[27] One could simply point to border areas—the Northeast region, Kashmir, and Punjab—where separatist struggles have led to the suspension of basic democratic rights as the extreme cases of undemocratic practice. These, however, are in effect areas where the legitimacy of the nation-state itself is contested. It is variation within the boundaries of the consolidated and legitimated Indian nation-state that are of concern here.

[28] Pranab Bardhan, *The Political Economy of Development in India* (New York: Basil Blackwell, 1984).

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vival strategies of subordinate groups.[29] With its ritualized exclusions and deeply ingrained hierarchical relations, the caste system has inscribed these material inequalities with a degree of social and cultural control that has few parallels. Low levels of literacy and discriminatory treatment by upper-caste-controlled state institutions have further limited the associational autonomy of lower castes and classes. The corollary of this picture is the predominance of fragmented sovereignty. The reach and authority of the juridical and democratic state ends—or more accurately is transfigured—where the writ and power of local strongmen and their caste-based followings begin. In a pattern that closely resembles both the Brazilian and the African cases, extrademocratic sources of authority not only resist but also colonize and privatize state power.[30] Local notables routinely dominate local institutions, including village governments, schools, cooperative societies,and the development bureaucracy. The permeability of state authority is most dramatically exposed by the existence of private caste armies (especially in Bihar) and elite control over local police forces. On these counts, the general picture of Indian democracy bears a striking resemblance to Putnam's description of the uncivic regions of southern Italy:

> Public life in these regions is organized hierarchically, rather than horizontally. The very concept of "citizen" here is stunted. From the point of view of the individual inhabitant, public affairs is the business of somebody else—*i notabili*—"the bosses," "the politicians" —but not me. . . . Political participation is triggered by personal dependency or private greed, not by collective purpose.[31]

This is not to say that democratic institutions in India have been altogether lifeless. The past two decades have witnessed an erosion of traditional clientelist politics. Formal and competitive democracy in India has undermined the legitimacy of traditional social authority, spawned a whole new generation of political entrepreneurs, and created spaces in which new groups have been successfully mobilized. But the political forces that have emerged are more rooted than ever in social cleavages.[32]

[29] In 1982, 66.6 percent of rural households fell below the marginal ownership category of 2.5 acres. Together they accounted for 12.2 percent of total land ownership, less than the 14.3 percent share of the top 1 percent of households. C. T. Kurien, *The Economy: An Interpretive Introduction* (New Delhi: Sage Publications, 1992), 321.

[30] For Brazil, see Weyland (fn. 19). For Africa, see Mahmood Mamdani, *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism* (Princeton: Princeton University Press, 1996).

[31] Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993), 115.

[32] Pradeep Chhibber, *Democracy without Associations: Transformation of the Party System and Social Cleavages in India* (Ann Arbor: University of Michigan Press, 1999).

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The basis for mobilization has shifted from patronage to identity populism. The pattern has varied greatly from state to state, but the trend has been one of a marked increase in the political saliency of essentialized identities of caste, religious community, and ethnicity (subnationalism). That this pattern has affected every state in India underscores the significance of two broad developments. The proximate cause is the decline of the Congress Party and its catchall electoral politics. The deeper structural cause lies in the well-documented social and redistributive failures of the Indian state.[33] The electoral dominance of the Congress Party was sustained by vast and vertically organized patronage networks that held together a wide range of interests and groups. The resulting pattern of state-society engagement that Herring has called "embedded particularism"[34] nourished rent-seeking interests at the expense of the state's capacity to provide public goods and institutional reform. These developmental failures have unleashed new sources of social conflict.

As elections have become more competitive and more groups have been brought into the political arena on their own terms, patronage has become increasingly tied to identity politics. The demand for government quotas and special privileges, whether of majority or minority communities, now dominates claim making. This explosion of narrow demands has triggered a frantic zero-sum scramble for preferential treatment that Bardhan has aptly described as "equal-opportunity plundering by all interest groups."[35] Subjected to this chaotic chorus of particularistic claims, governing coalitions have become increasingly opportunistic and unstable. Thus scholars ranging from a neo-Huntingtonian to a neo-Marxist persuasion have noted a severe erosion of the state's autonomy and the eclipse of its developmental mandate.[36]

In this political climate of populism and organizational fragmentation, encompassing political formations have been the exception to the rule. Labor unions have rarely extended beyond the protective confines of the organized sector (large factories and public employees) and in many instances have become little more than vehicles for the political ambitions of local bosses. Farmers' associations have been dominated

[33] See Drèze and Sen (fn. 9, 1995 and 1996); and Kohli (fn. 7, 1987).

[34] Ronald Herring, "Embedded Particularism: India's Failed Developmental State," in Meredith Woo-Cumings, ed., *The Developmental State* (Ithaca, N.Y.: Cornell University Press, 1999).

[35] Pranab Bardhan, "Sharing the Spoils: Group Equity, Development, and Democracy" (Manuscript, Department of Economics, University of California, Berkeley, 1997), 16.

[36] See Bardhan (fn. 28); Lloyd I. Rudolph and Susanne Hoeber Rudolph, *In Pursuit of Lakshmi: The Political Economy of the Indian State* (Chicago: University of Chicago Press, 1987); and Herring (fn. 34).

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by the interests of large farmers. With the reach of public legality circumscribed by the power of local elites, lower-class and lower-caste efforts to organize around economic issues (outside of Kerala and West Bengal) have invariably been defeated.[37] And while the past decade has witnessed an explosion in NGOs, in part as a response to failures of the developmental state, their coverage remains spotty. And outside of some well publicized cases, their capacity to scale-up and impact public policy has been limited.

In the absence of cohesive lower-class organizations, mass politics has little programmatic content. Varshney, for example, has convincingly shown that in the national election of 1996 economic reforms were a nonissue. Instead, mass political discourse was dominated by "expressions of India's identity politics [which] have led to mass mobilization, insurgencies, riots, assassinations, desecrations and destructions of holy places. In popular perceptions, the significance of identities has been far greater than the implications of economic reforms."[38] The relationship between the primacy of identity politics and the unorchestrated character of subordinate politics is captured by the rise to power of the Hindu-nationalist BJP (Bharatiya Janata Party). Against the general involution of the political party system, the relative cohesiveness of the BJP marks a post-Congress political reconsolidation of upper-caste, middle-, and lower-middle-class domination, with significant support from business interests. The BJP's electoral appeal is rooted in a nationalist politics of order that explicitly denies deep societal cleavages of class, caste, and ethnicity through the construction of an "imagined community." As Bose notes, the ideological potency of the BJP lies in "the majoritarian myth of Hinduvata . . . with its millenarian vision of an India which has resolved all its problems, political conflicts and social contradictions through an affirmation of the organic unity of a common 'Hindu' identity."[39] The claim of inclusiveness is belied by the explicit exclusion of Muslims and the implicit defense of the caste-stratified status quo. As for subordinate classes, they remain splintered between Muslim, dalit (untouchable), and backward caste political formations, in which the centrality of demands for reservation

[37] Paul R. Brass, *The Politics of India since Independence* (Cambridge: Cambridge University Press, 1994), 334.

[38] Ashutosh Varshney, "Mass Politics or Elite Politics? India's Economic Reforms in Comparative Perspective" (Paper presented at the Conference on India's Economic Reforms, Center for International Affairs and Harvard Institute of International Development, Harvard University, Cambridge, December 13–14, 1996), 3.

[39] Sumantra Bose, "'Hindu Nationalism' and the Crisis of the Indian State," in Bose and Jalal (fn. 5), 109.

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of government and educational positions serves the narrow interests of the upwardly mobile elites of these communities. Against this backdrop of political fragmentation, the capacity of democratic institutions to aggregate interests and in particular to address pressing distributional dilemmas is more in doubt than ever. The politics of social citizenship, as Mehta has remarked, are conspicuous by their absence.[40] Thus, much as in the case of Brazil, political fragmentation has frustrated the equity-enhancing potential (and promise) of democracy.[41]

This failure of Indian democracy to give effective voice to substantive demands has locked in a vicious cycle that is eroding the very legitimacy of democratic governance. With the state's failure to provide basic services and a modicum of protection from market swings, ordinary citizens are seeking security in traditional networks and have become increasingly susceptible to the politics of scapegoating. Much as O'Donnell has noted for Latin America, in a climate of insecurity and uncertainty, politics becomes a desolidarizing affair.[42] The increasing prevalence of privatized strategies and the politics of "sauve qui peut" is reflected in the widely documented "criminalization"[43] of politics, the proliferation of large-scale corruption scandals that have tarnished most parties, and the upsurge of sectarian and castist violence. To complete the vicious circle, a state that has failed to secure stable and workable ties to society has come to rely increasingly on administrative power and coercion rather than on democratic participation.[44] Describing this erosion of public legality, one of the most seasoned scholars of Indian politics writes of "an increasingly pervasive Hobbesian state of disorder, unpredictability and fear of violence among ordinary people in the rural areas of India."[45]

Democracy in Kerala

Kerala shares the same formal democratic institutions that are found in the rest of the nation. Most of its fiscal resources and much of its economic health depend on the central government. Its administrative

[40] Mehta (fn. 5), 64.

[41] Weyland (fn. 19).

[42] O'Donnell (fn. 3), 1365–67.

[43] To cite one example: "According to the Chief Election Commissioner, 180 of Uttar Pradesh's [India's most populous state] Members of the Legislative Assembly (MLAs) have criminal cases pending against them, at least 52 of which involve 'heinous crimes' such as rape and murder." Jean Drèze and Haris Gazdar, "Uttar Pradesh: The Burden of Inertia," in Drèze and Sen (fn. 9, 1996), 108.

[44] See Rajni Kothari, *State against Democracy: In Search of Humane Governance* (Delhi: Ajanta Books, 1988).

[45] Brass (fn. 37), 60.

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structures are those of the center, and many of its highest ranking bureaucrats are recruited from a national pool. Yet on all key qualitative measures of democracy, Kerala clearly stands apart from the center and from all other Indian states. The effectiveness of its democratic institutions is reflected in the degree and scope of public legality. In Weberian terms, rational-legal authority has displaced traditional authority in the regulation of public life. Not only have individuals achieved greater autonomy and capacity in exercising their democratic rights, but subordinate groups have been successfully integrated into public politics. Moreover, democracy in Kerala has produced significant and measurable substantive outcomes, most notably important redistributive reforms and the expansion of the welfare state. These substantive outcomes are the result of the inclusionary and encompassing character of democratic life, but they have also helped reinforce the effectiveness of state authority and levels of political participation.

If democracy in Kerala works better than in the rest of India, it is in large part because individuals have been equipped with the basic human capabilities required of citizenship. Literacy in Kerala has reached 91 percent, compared with 49 percent for India as a whole. Not only have successive governments maintained the highest rates of educational expenditure in India, but in contrast to the national pattern they have pursued a strategy of mass education by prioritizing primary universal schooling over secondary education.[46] As a direct result, traditionally marginalized groups, most notably women and dalits, have acquired the basic social skills necessary for informed participation. This is concretely reflected in the highest per capita circulation of newspapers in India[47] and rates of electoral participation that run 15 to 20 percent higher than the national average. Associational life has been further strengthened by the provision of basic public goods. The provision of basic health care and subsidized food staples and the regulation of the labor market have reduced material dependencies and eroded traditional clientelistic networks. Increased associational autonomy, most notably for subordinate groups, is in turn reflected in the sheer density of civic organizations and the vigor of associational life. Keralites of all walks of life, it would seem, have an irresistible inclination to combine, associate, and organize.[48] There are a large number of

[46] See Ramachandran (fn. 9).

[47] Robin Jeffrey, *Politics, Women and Well-Being: How Kerala Became a "Model"* (Houndmills, Basingstoke, Hampshire: Macmillan Press, 1992), 3.

[48] These observations are based on my own fieldwork conducted in 1991–92 and in the summers of 1997 and 1999. Heller, *The Labor of Development: Workers in the Transformation of Capitalism in Kerala,*

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NGOs operating in the state, including the mass-based KSSP (Kerala Sastra Sahithya Parishad), which has achieved world renown for its efforts to "bring science to the people." Kerala's caste self-help and social uplift societies have a long history of active civil engagement. Overlapping an extensive public school network is a network of private and semiprivate schools sponsored by communal and caste organizations. The result is a school in every village and nearly universal primary school enrollment.[49] The same pattern is found in the health sector.

It is not sufficient to positively correlate associational life with democratic deepening, however. Just as a vibrant civil society can promote trust and cooperation, it can also promote particularism that fosters rent-seeking lobbies and exclusionary identities. In a context of pervasive social inequality and highly skewed distribution of political resources and influence, the openness of Indian democracy has produced highly differentiated associative capacities and has given full play to oligarchical coalitions or, in the Rudolphs' phrase, demand-group politics.[50] The narrowness of interest aggregation has in turn subverted the public good, and the Indian state has become an instrument for creating and reproducing a "network of advantage distribution."[51] And while India's caste system and religious communities, evolving as they have in a pluralist political system, have promoted popular involvement in public life and spawned a dense configuration of self-help, cultural, educational, youth, and women's organizations, they have done so on the strength of parochial (and often exclusionary) identities and organizational structures that retain important elements of patriarchal authority and hierarchy. This pattern of associational life has in turn shaped the logic of political society. The dominant political formations in most Indian states are increasingly either communal parties (the BJP), regionalist parties (the AIADMK in Tamil Nadu and the Telugu Desam in Andhra Pradesh), or loosely organized coalitions of caste-based factions (the Janata Dal).

India (Ithaca, N.Y.: Cornell University Press, 1999); and idem, "Social Capital as Product of Class Mobilization and State Intervention: Industrial Workers in Kerala, India," *World Development* 24, no. 6 (1996). In a detailed study that focuses on the North Kerala city of Calicut, Varshney concludes that "[m]uch like Tocqueville's America, Calicut is a place of 'joiners.' Associations of all kinds—business, labor, professional, social, theater, film, sports, art, reading—abound." Ashutosh Varshney, *Civic Life and Ethnic Conflict: Hindus and Muslims in India* (New Haven: Yale University Press, forthcoming), manuscript pp. 130–31.

[49] The retention rate in primary schools—the percentage of children having entered primary school who complete the fifth grade—is 82 percent in Kerala as against 26 percent for India as a whole. Myron Weiner, *The Child and the State in India* (Princeton: Princeton University Press, 1991), 174.

[50] Rudolph and Rudolph (fn. 36).

[51] Sudipta Kaviraj, "A Critique of the Passive Revolution," in Partha Chatterjee, ed., *State and Politics in India* (Delhi: Oxford University Press, 1998), 46.

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Caste and community in Kerala continue to be a powerful basis of social identity and civic engagement. But in the realm of politics and in the expression of public authority, these forms of association have been subordinated to broader aggregations, in particular, class-based organizations. By all accounts Kerala has the highest levels of unionization in the country, and unlike the national pattern, the presence of unions is not limited to the formal sector of the economy. In addition, large numbers of workers in the informal sector—including in the beedi, construction, coir, and cashew industries—are organized.[52] Most notably, the largest union in the state is the CPM-affiliated KSKTU, the one-million-member union of predominantly lower-caste agricultural workers. Kerala's mass organizations of women, students, and youth—sponsored by all the political parties—also play an active role in the state's political life. The CPM's mass organizations alone claim a membership of over 4.7 million. The state's network of cooperative societies, which are controlled by political parties not communities, is the most extensive in the country. And in the political arena the basic cleavage has been along class lines, opposing a coalition of right-wing parties organized around the Congress against a coalition of left-wing parties organized around the Communist Party of India, Marxist.[53] These two coalitions have more or less alternated in power, and consistently thin margins of victory point to a relatively stable distribution of political support.

The effectiveness of Kerala's democratic institutions is best measured by the extent to which they have successfully managed social and economic tensions. To a much greater degree than in any other Indian state, Kerala's political history has been shaped by open and organized class conflict. Because Kerala is one of India's poorer states and until recently its most densely populated, distributional conflicts have been especially acute. Recurrent waves of organized agitation have moreover been orchestrated by a Communist Party that for much of its history was wedded to a strategic line of extraparliamentary mass struggle. During the highly conflictual 1960s and 1970s governments were short-lived, rural protest was endemic, and rates of industrial unrest (as measured in strikes) were the highest in India. Kerala's social structure is moreover marked by significant cleavages. Its caste system was historically among the most rigidly stratified in India, and it has the

[52] For an extended discussion, see Heller (fn. 48, 1999), chap. 6.

[53] The Communist Party of India (CPI) was unified until 1965 when it split into the CPI and the CPI(M), or as it is more simply known the CPM. The CPM has emerged as the dominant Communist Party in both West Bengal and Kerala.

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largest minority concentrations of Christians and Muslims of any Indian state, with each group constituting roughly 20 percent of the population. The major caste and communal groups have powerful and active associations, and Christian and Muslim political parties have played key roles in Kerala's coalition politics. In Huntingtonian models of order such high levels of interest organization and political conflict are associated with problems of governance and/or civic disorder.[54] At no time, however, have Kerala's social and economic cleavages and its extraparliamentary politics threatened democratic governance. Class conflict in Kerala has not produced the armed Naxalite and other revolutionary groups that dot the Indian countryside, and Kerala's militant unions, while confrontational, have not become embroiled in the kind of organized violence and criminal networks that increasingly characterize organized labor in the rest of the country. Moreover, having institutionalized lower-class interests, the CPM abandoned the politics of class struggle in the 1980s in favor of a social democratic strategy of class compromise, and labor militancy fell dramatically.[55] Similarly, though Kerala's castes and communities are well organized, instances of sectarian violence and caste violence have been rare.[56] The question of reservations (quotas) for "other backward castes" that has repeatedly triggered violence and commanded the political spotlight since the Mandel Commission report of 1990 has had virtually no impact in Kerala. Most notably, the resurgence of Hindu majoritarianism in Indian national politics has had a negligible impact in Kerala.[57]

That civic harmony has been maintained in a climate of highly organized and politicized social forces and against a backdrop of low economic development points to the efficacy of Kerala's democratic institutions in mediating and absorbing conflict. At the macrolevel, a highly competitive electoral arena, the alternation in power of two bipolar political fronts, and the mobilizational capacity of opposition groups have all contributed to heightening the accountability of the state. At the meso and microlevels, a dense network of democratic in-

[54] Samuel Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968).

[55] See Heller (fn. 48, 1999), chaps. 5, 6, and 7.

[56] Varshney (fn. 48) found that out of seventeen states, Kerala ranked the fourth lowest in the number of per capita deaths in urban communal riots (manuscript p. 112); this is based on a large-N data set on Hindu-Muslim violence—1950–95—jointly produced with Steve Wilkinson. Of the three states ranking below Kerala, the Punjab has been the site of sustained rural violence and neither Haryana nor Tamil Nadu has a sizable Muslim population.

[57] In Kerala's 1995 local government elections, the BJP captured only 3 out of 1,200 panchayats, and only 1 out of 26 municipalities. Kerala remains the only major state in India in which the BJP has never secured a seat in the national parliament.

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stitutions and authorities is readily identifiable. In contrast to the general Indian picture in which district and village-level institutions are deeply enmeshed in local power configurations and often in the hands of landed elites or dominant castes, in Kerala a wide range of institutions including district councils, panchayats (local governments), student councils, and cooperative societies are hotly contested by the major political formations. Representative institutions have also directly penetrated economic life. Thus, one of the unique features of Kerala's economic scene is the role that voluntary tripartite bodies (industrial relations committees) representing labor, capital, and the state play in actively shaping and coordinating labor relations, industrial policy, and welfare programs across a wide range of industries, including agriculture.

Finally, there is a clear correspondence between high levels of political participation and government performance. Across virtually every public policy arena the effectiveness of state intervention in Kerala far surpasses the performance of any other Indian state and can be tied to demand-side pressures.[58] The provision of education, health care, and subsidized food has been characterized by universal coverage and comparatively corruption-free delivery and is a direct response to broad-based support (across all major political parties) for the extension of social rights. Redistributive measures, in particular, land reforms, labor-market regulation, and the extension of social protection schemes to informal sectors, have dramatically reduced levels of poverty, and can all be tied to specific episodes of sustained mobilization.[59] Most recently, the literacy campaign of 1991—the most successful in India—as well as a decentralization campaign initiated in 1996 (more below) were both the result of pressure exerted by left-leaning NGOs.

If democracy works better today in Kerala, it is because its citizens are active and organized and because horizontal forms of association prevail over vertical (clientelistic) forms of association. The resulting patterns of political participation have in turn favored encompassing demands that promote the public interest over narrow and fragmented demands for state patronage (rents). If civil society in most of India remains deeply embedded in social cleavages, why has civil society in Kerala been so decisively differentiated from predemocratic social structures?

Explanations for the growth of civil society generally fall into two camps. The most conventional is to see civil society as the expression of

[58] See Drèze and Sen (fn. 9, 1995).

[59] See fn. 9. For an extended comparative assessment of the success of Kerala's land reforms, see Ronald Herring, *Land to the Tiller: The Political Economy of Agrarian Reform in South Asia* (New Haven: Yale University Press, 1983).

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autonomous private interests arising from the growth of a market economy. Alternatively, the quality of civic engagement has been interpreted as a cultural phenomenon of mutual respect and trust, its roots located in civic practices dating back, as in Putnam's influential argument about northern Italy, to the "mist of the dark ages."[60] Neither explanation fits the case of Kerala. Nineteenth-century Kerala was characterized by what is generally considered to have been the most rigid and severe caste system in the subcontinent[61] and an agrarian economy that, while exposed to early commercialization, was deeply rooted in labor-repressive institutions. A social system marked by an ascribed division of labor, ritualized and elaborate codes of degradation (untouchables were considered to be "unseeable" and lower-caste women forbidden to cover their breasts), and acute material dependencies was anything but fertile soil for civic republicanism. And despite significant commercialization of agriculture in the first half of the twentieth century, land in northern Kerala (Malabar) remained the monopoly of a parasitic class of Brahmin landlords, and capitalist agriculture in the South (Cochin and Travancore) relied heavily on bonded labor. Civil society in Kerala arose neither from deep civic traditions nor from the associational and gentlemanly impulses that Montesquieu attributed to commercial life. Instead, the birth of a vibrant and effective democracy in Kerala must be located in its political history of conflict and social mobilization, the interplay of these dynamics with the process of state building, and the resulting transformation of social structure.

The Social Origins of Democracy in India and Kerala

The divergent paths that democracy in Kerala and India has taken can be grasped only through a historical and configurational analysis. In untangling the processes at work I draw specifically on two related but discrete analytical clusters developed in Rueschemeyer, Stephens, and Stephens's comparative study of democratization.[62] Following in the tradition of Barrington Moore, Rueschemeyer, Stephens, and Stephens begin by highlighting the causal significance of class configurations. Specifically, they confirm the relationship between landed power and authoritarian rule and acknowledge the critical role of the bourgeoisie in promoting democratic reforms. They depart from Moore, however,

[60] Putnam (fn. 31), 180.

[61] Robin Jeffrey, *The Decline of Nair Dominance: Society and Politics in Travancore, 1947–1908* (New York: Holmes and Meier, 1976).

[62] Rueschemeyer, Stephens, and Stephens (fn. 12).

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in emphasizing that the role of the bourgeoisie is a necessary but not sufficient condition of democratic consolidation. While the bourgeoisie has generally "been supportive of the installation of constitutional and representative government," it has been opposed to "extending political inclusion to the lower classes."[63] Constitutional rights and representative government served to protect private economic activity from the exactions and arbitrary interferences of absolutist states and monarchs. But private property represents both the basis and the limits of the bourgeoisie's affinity with democracy. Extending political power to nonpropertied classes poses a potential threat to the concentration of economic wealth. It is instead "the growth of a counter-hegemony of subordinate classes and especially the working class—developed and sustained by the organization and growth of trade unions, working-class parties and similar groups that is critical for the promotion of democracy."[64]

The second analytical cluster Rueschemeyer, Stephens, and Stephens draw attention to is the balance between civil society and the state, which in the developing world is critically shaped by the specific institutional legacies of colonial rule. A balance that effectively limits the state's repressive or co-optive capacity is favorable to the emergence of prodemocratic forces. Taken alone, this argument could readily be confused with the institutional determinism of conventional interpretations of the roots of Indian democracy. Indian democracy in this perspective is largely viewed as an extension of the bureaucratic structures, rule of constitutional law, and representative institutions bequeathed by the British.[65] That other British colonies proved much less propitious for democracy—the most notable of which is of course Pakistan—underscores the inadequacy of this explanation. Existing institutional configurations certainly do matter, but not in their own right. Instead, the balance between state and civil society—as Rueschemeyer, Stephens, and Stephens argue—becomes critical to the prospects of democratization only insofar as it affects the balance of class forces. Specifically, the density and robustness of civil society is critical on two counts: it creates spaces and organizations through which subordinate groups can mobi-

[63] Ibid., 8.

[64] Ibid., 50.

[65] See Myron Weiner, *The Indian Paradox: Essays in Indian Politics*, ed. Ashutosh Varshney (New Delhi: Sage Publications, 1989). Alternatively, Jalal has argued that there is in fact little difference between Pakistan and India in that both have inherited state forms that she describes as "bureaucratic authoritarianism"; Ayesha Jalal, *Democracy and Authoritarianism in South Asia* (New York: Cambridge University Press, 1995).

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lize independently of the influence of dominant groups, and its curtails the repressive capacity of the state.

How then can Moore and Rueschemeyer, Stephens, and Stephens shed light on our understanding of the degrees of democracy across India? The consolidation of democracy in India combined elements of both a favorable institutional context and a successful, but limited mobilization of subordinate groups. The rise of the Indian National Congress as the agent of democratic transformation was clearly facilitated by the truncated but not insignificant rights of association and representation afforded by British colonial rule. Up until the 1920s the INC was very much a creature of colonial liberalism—a reformist party of urban professionals and progressive elements of the economic elite. It was only with the advent of Gandhi that the Congress struck roots in the countryside and was transformed into a legitimate national organization with a mass base. As Moore argues, this class coalition of peasants and urban elites bolstered the political power of what was otherwise a weak bourgeoisie and marginalized the colonial class of feudal landlords.[66] Because Gandhi's Congress did shift the balance of power against landlords and did draw the masses into the political arena, it put India firmly on the road to democracy.

But the "peasant masses" that were mobilized as part of the anticolonial coalition were in fact deeply divided along class and caste lines. Agrarian tensions (which had given rise to a wave of peasant rebellions in the early part of the century) were subordinated to the nationalist logic of class conciliation.[67] Subordinate classes, specifically landless laborers, tenants, and poor peasants, whose class position generally coincided with untouchable or lower-caste status, were as such never mobilized on their own terms as an independent political force with interests and strategies of their own. Thus, although India's transition to democracy was impelled by mass mobilizations, in the final analysis it represented an elite-dominated pact that was subsequently institutionalized by the electoral domination of Congress. During the Nehru period Congress secured its position by mobilizing a wide range of interests through an elaborate network of local notables (mostly dominant landed castes) who controlled and delivered votebanks in exchange for state patronage.[68] In this manner Congress—and hence

[66] Moore (fn. 11), 354–77.

[67] Gyan Pandey, "Peasant Revolt and Indian Nationalism: The Peasant Movement in Awadh, 1921–22," in Rananjit Guha and Gayatri Spivak, eds., *Selected Subaltern Studies* (New York: Oxford University Press, 1988).

[68] For a seminal analysis, see Francine Frankel, *India's Political Economy, 1947–1977* (Princeton: Princeton University Press, 1978).

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democracy—embedded itself in rural areas (winning five consecutive and openly contested national elections) without challenging existing forms of social domination. There was in effect no rupture with the ancien régime, which, as Moore argues, has historically been the precondition for the successful consolidation of democracy. Beyond removing the larger parasitic landlords, land reforms were carried out indifferently, and though the size of the propertied class expanded, land ownership remained largely confined to local dominant castes. Efforts to develop and democratize local institutions for community development and democratization, such as village councils and cooperatives, were defeated by elite capture. In sum, the state enmeshed itself in a matrix of accommodations and patronage networks and thus undermined its ability to pursue transformative projects, including the extension of public legality to rural areas. While this mode of engagement of society did provide a basic framework for political order, it failed to build institutionally robust arenas of civic associationalism and severely curtailed both the instrumental and the authoritative efficacy of the state. To borrow a phrase from Gramsci, the state-cum-Congress could rule, but it could not lead.

Democracy was born under very different conditions in Kerala and has accordingly traveled a very different path. In understanding the divergence from the national pattern, one has to begin with Kerala's history of social mobilization and specifically the early predominance of class mobilization. In the first part of this century social mobilization in Kerala coalesced around three distinct axes. A social reform movement led by caste-based associations directly challenged the social and institutional inequities of the caste system but stopped short of attacking its socioeconomic base. The nationalist movement, led initially by the Congress, followed the class conciliatory pattern of the national movement. Finally, there were significant but mostly inchoate instances of agrarian rebellion, most notably the Mapilla uprising of 1921, as well as some grassroots efforts to organize support for land reform.

The turning point came in the 1930s. Disillusioned with the accommodationist line of the National Congress, socialist elements within the Kerala Congress began to link—both organizationally and ideologically—the nationalist and social reform movements to agrarian discontents. Within a decade the struggle against British rule and the autocratic princely states of south Kerala had become a broad-based lower-class movement, linking agricultural laborers, poor peasants, and urban workers in a struggle against the colonial-feudal nexus of state and landed elites. The Congress Socialists—who broke away to form

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the CPI in 1941—played a catalytic role, forming a politically unified class movement from what were otherwise geographically and economically very different groups. In the northern part of the state, Malabar, agrarian conflict pitted a class of rack-rented tenants, many of whom were Muslim, against a powerful class of upper-caste Hindu landlords. In Travancore and Cochin incipient class mobilization had taken the form of trade unionism among both factory workers in British coir factories and lower-caste laborers in the rice fields of Kuttanad.

Classes are not given structurally. They are, in Przeworski's succinct formulation, "formed in the course of struggles."[69] Those struggles take shape on multiple fronts and affect the process of class formation only inasmuch as they come to define new identities. Building on existing repertoires of contention (to use Tilly's term),[70] the communists wove together the themes of social dignity and justice of the caste reform movement, the demands for economic redress of the agrarian movement, and the democratic aspirations of the nationalist movement into a coherent and sustained ideological attack against colonialism and the feudal class/caste structure. In portraying excessive rents, labor servitude, wage exploitation, caste indignities, poverty, and colonial subordination as part of the same of system of domination, the communists recast a world of complex overlapping social positions and identities into "a new world populated only by the working masses and the exploiting classes."[71]

The CPI's early successes were more those of a social movement than those of a political party. Internally, the success of social movements relies on the capacity for creating what Tarrow calls "collective action frames."[72] "Ideology," as David Apter writes, "dignifies discontent, identifies a target for grievances and forms an umbrella over the discrete grievances of overlapping groups."[73] Driven more by events and concrete struggles than by theoretical insight,[74] the party actively translated the fragments of subaltern identities articulated in the social justice discourses of existing movements into a cohesive class agenda of

[69] Adam Przeworski, *Capitalism and Social Democracy* (Cambridge: Cambridge University Press, 1985), 69.

[70] Charles Tilly, *From Mobilization to Revolution* (Reading, Mass.: Addison-Wesley, 1978).

[71] Dilip Menon, *Caste, Nationalism and Communism in South India: Malabar 1900–1948* (New Delhi: Cambridge University Press, 1994), 146.

[72] Sidney Tarrow, *Power in Movement* (Cambridge: Cambridge University Press, 1994), chap. 7.

[73] Cited in ibid., 22.

[74] Speaking of the early days of the KCSP in Malabar, K. P. Gopalan noted that "we had socialist aims without knowing anything about socialism"; cited in Menon (fn. 71), 147.

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sociopolitical transformation. It was Leninist party discipline and mass organizations that leveraged movement demands, but as Menon has so convincingly shown, it was the party's cultural activities that exposed the inequities and indignities of the traditional social order.[75] Temple festivals became venues for political meetings. Theatrical troops toured the countryside, presenting plays that popularized Marxist ideas, exposed caste injustices, and celebrated revolutionary heroism. Village-level "reading rooms" became incubators for a new secular culture that transcended caste and religion. A new literary movement produced popular socialist novels, and the party newspaper, *Prabhatham*, launched in 1936, provided news of union activities, peasant struggles, and factory conditions. The party's active role in the revival of Malayalee culture was underscored politically by its championing of the cause of a United Kerala, a position it had first embraced in 1942, when the Congress still refused to interfere in the "internal affairs" of the princely states. In sum, the communists built a broad-based following through an integrative strategy of sponsoring mass organizations and by entrenching itself in civil society. In a pattern reminiscent of West European mass parties, the rise of secondary associations—the building blocks of civic capacity in Putnam's model—thus had distinctly political origins in Kerala.[76]

The strategic success with which the Communist Party situated itself at the confluence of social movement and structure is only part of the story. A key enabling factor was that the communists were operating within a favorable and really quite unique institutional and political environment. Historically, agrarian communism has been a violent affair, marked by either revolutionary violence or state violence or both, eventuating in most cases in authoritarian regimes. The CPI did not entirely eschew insurrectionary methods, and the state did not entirely resist resorting to violent repression. But in comparative terms the rise of communism in Kerala was a rather peaceful process, one that took place largely in the trenches of a colonial political order that had gradually conceded limited rights of association and opposition to its colonial subjects and whose most repressive reflexes were constrained by its own liberal pretensions. While subject to occasional censorship, the com-

[75] Menon (fn. 71), chap. 5.

[76] In a critique of Putnam's cultural and historical explanation of the sources of civicness in North Italy, Tarrow notes that in the past and the present "electorates were deliberately mobilized on the basis of networks of mass organizations and social and recreational associations; and in both, civic competence was deliberately developed after World War II as a symbol of the left-wing parties' governing capacity." Sydney Tarrow, "Making Social Science Work across Space and Time: A Critical Reflection of Robert Putnam's *Making Democracy Work*," *American Political Science Review* 90, no. 2 (1996), 394.

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munists operated for the most part in public spaces, building a dense network of unions, farmer associations, schools, libraries, cultural organizations, and press organs. Their protest activities ranged from the Gandhian tactics of sit-ins, fasts, boycotts, and civil disobedience to those more typically associated with working-class movements—strikes, pickets, and marches. If a comparatively favorable (by the standards of colonial states) balance between civil society and the state extended the repertoire of contention, it also made possible the "ratchet-effect strategy" of incremental gains that sustained class mobilization.[77]

With independence, the state-society balance was further tipped in favor of mobilization. A formally democratic state presented an especially attractive object and venue of mobilization, and the process of class formation became inextricably linked with the process of state building. In Malabar the party pushed for land reforms and won the first district elections. In Travancore it organized large-scale strikes of agricultural and industrial workers, demanding state intervention in enforcing minimum wages and regulating work conditions. In 1956 the state was unified along linguistic lines and the following year the CPI captured a majority of seats in the legislative election, becoming the first democratically elected communist government in the world. Though short-lived (the government was illegally deposed by the center in 1959) the ministry represented a threshold in the trajectory of Kerala's mass-based democracy. It marked the ascendancy, achieved through the ballot box, of the poor and propertyless, social groups that in a few short decades had gone from complete social and economic subordination to political power. The 1957 government set into motion a series of reforms that over the next two decades would transform the face of Kerala's agrarian social structure. It also set a standard for state intervention and social welfare from which no subsequent government has strayed.[78] Most importantly, the political tide on the agrarian ques-

[77] Ronald Herring, "From Fanaticism to Power: Ratchet Politics and Peasant Mobilization in South India, 1836–1956" (Paper presented at the annual meeting of the Association of Asian Studies, Honolulu, April 11–14, 1996).

[78] The demand-side dynamic for health and education in Kerala predates the democratic period and can be tied to the comparatively progressive educational and public health policies of the princely state of Travancore. See Gita Sen, "Social Needs and Public Accountability," in Marc Wuyts, Maureen Mackintosh, and Tom Hewitt, *Development Policy and Public Action* (Oxford: Oxford University Press, the Open University Press, 1992). The transition from the Brahmanical paternalism of Travancore, which targeted communities (which in many ways has its contemporary counterpart in the populism of the Indian state), to the social citizenship of Kerala's modern welfare state is the direct outcome of class politics. Moreover, it is only with the advent of the redistributive state that the gap between Malabar and Travancore, which in the nineteenth century was pronounced on all social development indicators,

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tion had turned. The debate on land reform took center stage for the next two decades with all political forces eventually aligning themselves in favor of reform.

Mobilization and Democratic Deepening

The birth of democracy in Kerala was indelibly branded with the logic of social transformation. Well into the 1970s, the politics of class struggle occupied center stage. Throughout this period, the conflicts between tenants and landlords, labor and capital, upper caste and lower caste were acrimonious. The communist agenda was one of radical transformation, its methods those of large-scale agitation and labor militancy. Taking its cue from communist organizational successes, the Congress built its own mass organizations. Politics became synonymous with popular mobilization and Kerala often appeared to be teetering on the brink of ungovernability, with hypermobilization threatening to overload political institutions.

Nevertheless, because class conflicts had evolved within a framework of democratic rules of the game that were well established, enjoyed a high degree of popular legitimacy, and were accepted by all the principal players, they did not result in breakdown or disintegration. Excesses on either side were checked, moreover, by the subnational character of the playing field. Substantively modest but symbolically important successes on the parliamentary front had made "bourgeois democracy" and a reformist line acceptable pragmatically, if not ideologically, to the communists. The weakness of the CPI at the national level ruled out revolutionary tactics. Right-wing mobilization, which at times flirted with authoritarian reaction, was curbed by the commitment of national elites to electoral democracy. Finally, while agrarian communism did produce comprehensive land reform (1970) and agrarian labor legislation (1974) that virtually eradicated the material and social power of landed elites, the process was slowed and defused by constitutional procedures, guarantees of private property, and drawn-out political negotiations. Large-scale peasant mobilizations in the 1960s and 1970s provided the impetus for agrarian structural transformation. But just as significant was the process through which these reforms wended their way through public debates, courts, legislative enactments, and the bu-

was dramatically closed in the post-1957 period. See T. N. Krishnan and M. Kabir, "Social Intermediation and Health Transition: Lessons from Kerala," Working Paper no. 251 (Centre for Development Studies, Trivandrum, 1992).

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reaucracy, firmly embedding the state in society. As such, class struggle could evolve and develop within boundaries that more or less precluded the resort to revolutionary violence or elite repression.

In keeping with the Rueschemeyer, Stephens, and Stephens analytical framework, then, this account of democratization points to the centrality of subordinate actors and highlights the historically contingent and institutionally bounded circumstances of class formation. The centrality of the *process of class formation* rather than the structural character of the class actor is underscored by the fact that the historical protagonist was not an industrial working class. Instead it was a broad-based and loosely configured agrarian class forged from the historical convergence of social movements, the structural congruence of social domination (caste) and economic exploitation (class), and the tactical successes of a communist party born at the intersection of agrarian radicalism and parliamentary politics.

The historic conjunction of social forces and political organization provided the critical wedge that pried open the ancien régime and opened up new possibilities for democratic politics. If this foundational moment transformed the playing field by shifting the balance of power, it did not inexorably set Kerala down the path of democratization. Given that class interests and alignments constantly shift and must compete with other bases of mobilization, the sustained effectiveness of subordinate class politics has to be explained. The temptation here is to follow Kohli's seminal work on the CPM in West Bengal and argue that a programmatic and disciplined political party has played the critical role in aggregating and sustaining lower-class interests.[79] Much as in the case of the West Bengal CPM, an ideologically cohesive party governed internally by "democratic centralism" has kept factionalism in check, institutionalized lower-class interests, and increased the effectiveness of government policies, especially in the area of poverty alleviation.

A party-centered argument that emphasizes the centrality of organizational capacity in channeling mobilizational dynamics provides only one side of the equation, however. In contrast to its twenty-three consecutive years in power in West Bengal, the CPM in Kerala has ruled only intermittently and never for even two consecutive terms. The Kerala CPM's critical role has been less a function of its governance capacity than of its mobilizational capacity. Having found itself periodically in the opposition, the CPM has retained much of the social movement dy-

[79] Kohli (fn. 7, 1990), chap. 10.

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namic from which it was born by having to continually reinvigorate its mobilizational base and reinvent its political agenda. As a *social movement party*, the communists have thus busied themselves with the task of occupying the trenches of civil society, building mass-based organizations, ratcheting up demands, and cultivating a noisy but effective politics of contention. This has provided a continuous presence and effectiveness for subordinate groups even when out of power.[80] And much as the party has helped sustain movement politics, conversely, its immersion in civil society has kept oligarichal tendencies in check and has allowed for an uncommon degree of political learning, as witnessed by the party's recent embrace of the "new" social movement project of grassroots empowerment (see discussion of decentralization campaign below).

Adding to the general assertiveness of civil society in Kerala has been the bandwagon effect of other political parties embracing mass-mobilizational politics. With two equally balanced, if not equally effective, political fronts actively nurturing and courting support from civic associations, political parties in Kerala have had a crowding-in effect on civil society. Nowhere in India have the contentious repertoires of social movements become such an intrinsic part of routine politics. In sum, though there has been little regime continuity in Kerala, there has been continuity of political participation and access. Effective democratic governance has in other words had less to do with the institutional character of the political party system than with the dynamic interaction of political and civil society.[81]

The Affinities of Class and Democracy

If there is, as I have argued, a positive relationship between the articulation of class demands and the deepening of democracy in Kerala, how do we come to terms with this theoretically, especially in light of assertions by some transition theorists that the conflictual nature of class-based politics is inherently destabilizing?[82] In ideal-typical terms,

[80] In contrast, the CPM in West Bengal, having enjoyed the fruits and resources of state power for twenty-three years, has become far more bureaucratic and clientelistic. See John Echeverri-Gent, "Public Participation and Poverty Alleviation: The Experience of Reform Communists in India's West Bengal," *World Development* 29 (October 1992).

[81] Linz and Stepan (fn. 1) write that "properly understood, democracy is more than a regime; it is an interacting system" (p. 13). A key dynamic in the system derives from the distinct but complementary roles that political and civil society play in shaping and representing values and interests. See Linz and Stepan (fn. 1), 8–9.

[82] To quote Huntington: "Democratic regimes *that last* have seldom, if ever, been instituted by mass popular action." Samuel Huntington, "Will More Countries Become Democratic?" *Political Science Quarterly* 99, no. 2 (1984), 212, emphasis added.

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democracy is an exchange relationship that binds state authorities and citizens to each other. The glue of that relationship is both utilitarian and normative: utilitarian in the sense that states provide public goods in exchange for compliance and resources from their citizens, normative in the sense that the strength of the relationship (the quality and scope of public goods, the degree of citizen compliance) is born of trust, which in complex and differentiated societies can be secured only through processes of consultation that are sufficiently inclusive and sustained to be broadly perceived as fair. As Tilly has recently observed:

> In the course of democratization, the bulk of a government's subject population acquires binding, protected, relatively equal claims on a government's agents, activities and resources. In a related process, categorical inequality declines in those areas of social life that either constitute or immediately support participation in public politics. Finally, a significant shift occurs in the locus of interpersonal networks on which people rely when undertaking risky long-term enterprises such as marriage, long-distance trade, membership in crafts, and investment of savings; such networks move from evasion of governmental detection and control to involvement of government agents and presumption that such agents will meet their long-term commitments. Only where the three sets of changes intersect does effective, durable democracy emerge.[83]

To understand why these processes became reinforcing in Kerala, the analytical key lies in carefully untangling the relationship between state intervention and actual patterns of demand aggregation. Subordinate class movements make encompassing demands, usually framed by calls for social leveling and protection from the injustices of purely market-based resource distributions.[84] In a poor and deeply hierarchical society such demands are in effect public goods and lend themselves to the instrumentalities of the modern, bureaucratic state. In contrast, factional or community-based movements make particularistic demands that tend to be mutually exclusive. While the form of such demands can be democratically managed, the substance is secured through clientelism, which has well-known corrosive effects on state capacity and by definition compromises the associational autonomy of subordinate groups.[85]

The demands that emanated from class mobilization in Kerala fall into three broad categories. The first was for land reform, which sought not only to redistribute property but, just as importantly, to eradicate the social and economic basis of landlordism. The second was for the

[83] Charles Tilly, "Processes and Mechanisms of Democratization," *Sociological Theory* 18 (March 2000), 8.

[84] Joshua Cohen and Joel Rogers, "Secondary Associations and Democratic Governance," *Politics and Society* 20, no. 4 (1992).

[85] See Fox (fn. 18).

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formalization and protection of the rights of wageworkers. This aimed to dismantle the forms of labor-tying that prevailed in agriculture and to empower workers with collective-bargaining rights. The third was for the extension of basic social services, especially health and education, demands that in fact predated the CPI and enjoyed widespread support across all classes. Now in their intrinsic character, all these demands amounted to expanding the scope and the prerogatives of the welfare state. The practical effect of this was to extend the reach of public legality into arenas (for example, caste relations, the informal sector) that in the rest of the country continue to be governed by extrademocratic authority.

Class mobilization constituted citizens in Kerala. Freed of the ideological and social dependency on corporate groups and powerful patrons, horizontally organized subordinate groups could proactively associate and openly articulate demands. The high level of demand making, itself facilitated by a favorable balance of state and civil society, drew the state in. With each successful intervention, the authority of the state and formally recognized interest groups displaced the authority of traditional power brokers, thus slowly but surely chipping away at the ties of social and economic dependency that had characterized the preindependence social order. A welfare state with its statutory entitlements replaced a caste-based moral economy with its discrete and asymmetrical reciprocities. Formal contracts and monied wages took the place of attached labor and payments in kind. A division of labor rooted in a highly stratified and rigid caste system was subjected to market dynamics bounded by the state-sanctioned bargaining capacity of associated workers. Work relations embedded in the extraeconomic power of landlords and merchant bosses were displaced, albeit unevenly, by labor legislation, labor inspectors, and formal grievance procedures. Access to education and health was made a function of citizenship rather than of social position. And increasingly, conflict resolution took the form of collective bargaining, tripartite consultations, and judicial review. In Tilly's terms,[86] trust in Kerala has shifted from interpersonal networks rooted in categorical social inequalities to investing in state institutions, an investment informed by iterated experiences with the state and a resulting faith that state authorities will fulfill their commitments.

Many observers of Kerala have argued that labor militancy, state intervention, and increased social expenditures have exacted a high price

[86] Tilly (fn. 83).

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on economic growth.[87] The 1975–85 decade in particular was marked by economic stagnation in both industry and agriculture. The extent to which redistributive reforms directly contributed to this crisis is difficult to establish, especially given the importance of other factors (a historically weak industrial base, resource scarcity and high population density, the absence of a local entrepreneurial class). I have treated this question at length elsewhere, but three points can be made.[88] First, even if there is indeed a zero-sum trade-off between equity and growth, one would be hard pressed to find another Indian state where this trade-off has been managed more effectively. Despite low levels of growth, poverty in Kerala has fallen faster than in any other state and it now boasts the most extensive safety net in the country.[89] The high levels of basic and technical education and a well-developed public infrastructure represent critical assets for future growth. Moreover, as the market economy in India expands, there will necessarily be increased demand for primary education, access to health care, and social protection—all sectors in which Kerala has already made significant infrastructural, administrative, and fiscal investments—and Kerala will find itself at a significant comparative advantage. Second, to view the equity-growth trade-off in narrowly economic terms obscures the important political changes that have taken place. As noted earlier, the CPM and its unions responded to the economic crisis by abandoning wage militancy and embracing a strategy of class compromise that has focused on institutionalizing industrial conflict and increasing worker productivity. The state has also become much more aggressive in attracting investors and nurturing key growth sectors. How effective these political and policy shifts have been is difficult to determine (especially since Kerala is a subnational state with limited macroeconomic powers), but Kerala's economy has experienced a significant turnaround since the mid-1980s.[90]

[87] See Joseph Tharamangalam, "The Perils of Development without Economic Growth: The Development Debacle of Kerala, India," *Bulletin of Concerned Asian Scholars* 30, no. 1 (1998). For responses to Tharamangalam, see *Bulletin of Concerned Asian Scholars* 30, no. 3 (1998).

[88] Heller (fn. 48, 1999).

[89] A recent World Bank study found that from 1957–58 to 1990–91 Kerala experienced the most rapid decline in poverty of any major state, including the Punjab and Haryana, India's capitalist growth success stories. Guarav Datt and Martin Ravallion, "Why Have Some Indian States Done Better Than Others at Reducing Poverty?" Policy Research Working Paper no. 1594 (Washington, D.C.: World Bank, 1996).

[90] Between 1986–87 and 1993–94 the factory sector grew at an annual average of 9.8 percent, well above the national average of 5.6 percent, and agriculture grew at 5.5 percent. A recent study on new investments in Kerala found a "tremendous increase" since 1991–92. Sunil Mani, "Economic Liberalisation and Kerala's Industrial Sector: An Assessment of Investment Opportunities," *Economic and Political Weekly* (August 24–31, 1996), 2326.

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Finally, if the encompassing logic of subordinate class politics has been central to Kerala's democratic trajectory, it has hardly been immune to factionalizing and rent-seeking tendencies. As the role of the state in regulating economic life and distributing resources has grown, so have distributional coalitions. Moreover, the solidaristic politics of the left have become increasingly difficult to sustain. The communists have never represented a fundamental or essential class. Classes are politically constituted and as fluid entities must constantly be reinvented. Further, the politics of class in Kerala has been played out against the backdrop of a rapidly changing social structure that has generated new cleavages and new alliances. The embourgeoisement of the poor peasantry following the transfer of property rights from landlords to tenants in the 1970 land reform eroded the structural basis of agrarian communism.[91] Sluggish industrial growth has limited the size of the industrial workforce. And the increase in the size of Kerala's middle class, fueled by the expansion of the welfare state and remittances from Kerala's huge out-of-state labor force, has further weakened the traditional class base of the left.

The political, institutional, and structural legacies of class mobilization in Kerala continue, however, to provide a strong foundation for democratic development. The erosion of the social and economic power of landed elites has weakened the expression of a range of fragmentary and parochial interests that continue to dominate national politics. A dense network of intermediate organizations and institutions provides multiple points of interface between autonomous associations and state agencies. Patterns of state-society engagements have produced an informed and engaged citizenry. Welfare entitlements, wage legislation, market regulation, and other forms of social protection have not only substantially insulated wage earners from the more atomizing effects of market forces but have also secured a considerable degree of institutionalized bargaining capacity for large segments of the wage-earning classes. And the provision of a wide range of public goods has underwritten a baseline solidarity, including middle-class support for the welfare state.

Despite the decline of the structural significance of class—at least as it was historically constituted in Kerala's agrarian transition—the CPM and its allies have been able to fashion a new politics of popular development, one that has been specifically articulated around a project of

[91] See Ronald Herring, "From Structural Conflict to Agrarian Stalemate: Agrarian Reforms in South India," *Journal of Asian and African Studies* 26, no. 3–4 (1991).

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further democratization and that has broadened the developmental agenda beyond redistributive issues to include questions such as the environment, administrative and political decentralization, local resource planning, and the reinvigoration of an overly bureaucratized cooperative movement.[92] Concretely, the CPM-led government that returned to power in 1996 launched the People's Campaign for Decentralized Planning, an initiative widely recognized to be India's most ambitious effort at comprehensive decentralization.[93] As part of an open attack against rent-seeking fiefdoms within the state and the top-down logic of bureaucratic planning, substantial financial and administrative resources have been devolved to local-level governments and broad-based participation in local decision making has been mobilized. If the political opening for decentralization was orchestrated by the CPM from above, it is civil society that provided the critical ideological and mobilizational resources for the campaign. The campaign's discourse of autonomy, local initiative, transparency, sustainability, and accountability is the language of social movements, not of technocrats or Leninists. Most of the techniques and favored projects of the campaign come from a repertoire of practices that NGOs and proactive local governments have been developing for years. The more than one hundred thousand volunteers who have been trained to provide organizational and technical assistance to local governments have been recruited from civil society and not from the party's traditional mass organizations. Most critically, it is through overlapping membership ties between the CPM and the independent, grassroots KSSP that CPM reformers could experiment with ideas outside the somewhat doctrinaire straitjacket of the party itself and build political support for a strategy of mobilization that reaches beyond the party's traditional base of support. While it is too early to judge the sustainability of this decentralization initiative, the very existence of a political project specifically centered on promoting new forms of democratic participation could not be more telling, given the increasing involution and divisiveness of national politics.[94]

[92] See T. M. Thomas Isaac and E. M. Shridharan, "Kerala's Development and Its Politics," *Marxist Samvadan* (Trivandrum) (October–December 1992); and Olle Tornquist, *The Next Left? Democratisation and Attempts to Renew the Radical Political Development Project* (Copenhagen: NIAS reports, no. 24, 1995).

[93] See Richard Franke and Barbara Chasin, "Power to the Malayalee People," *Economic and Political Weekly* 31, no. 10 (1997).

[94] These observations are based on research conducted in summer 1997 and 1999.

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Conclusion

Under the conditions of late development, the challenge of democratic deepening appears to be even greater than the challenge of democratic transitions. Weak states, severe economic inequalities, and the resilience of predemocratic sources of authority have made it difficult to translate the political opportunities afforded by democratic institutions into the effective exercise of citizenship rights and substantive gains. For some authors, these obstacles appear to be insurmountable. Weyland argues that efforts by state reformers in Brazil to pursue equity-enhancing reforms have been repeatedly frustrated by entrenched oligarchical interests and the pervasive organizational fragmentation of Brazilian politics.[95] In South Africa economic concessions made to the white minority and to market forces and the authoritarian legacies of indirect rule under apartheid have frustrated the promise of rapid democratization.[96]

Yet if we peer below the national level, it is possible to find islands of democratization. In a number of Brazilian municipalities, an alliance of the Partido dos Trabalhadores (a social movement party) and civic groups has broken the hold of oligarchical elites by introducing new institutions and processes of popular participation in municipal policymaking that have had measurable redistributive effects.[97] In South Africa the embrace at the national level of conservative promarket policies and the centralizing tendencies of the ANC must be contrasted with the vitality of NGOs and the strength of proredistributive alliances in the country's largest metropolitan areas. The point here is that while national-level conditions in much of the developing world may not be favorable to democratization, we need to pay more attention to how the subnational reconfiguration of political forces can transform state-society relations and produce democracy-enhancing effects. Democracy, in other words, can be built from the bottom up.

The case of Kerala here is especially instructive. In a pattern that bears a strong resemblance to European social democracies, the procedural, effective, and substantive dimensions of democracy have become mutually reinforcing. That this dynamic was played out against a back-

[95] Weyland (fn. 19).

[96] For an analysis of economic concessions made during the negotiated transition, see Hein Marais, *South Africa: Limits to Change* (London: Zed Books, 1998). Mamdani (fn. 30) argues that "decentralized despotism"—the entrenched authority of chiefs—has stunted the development of civil society in postapartheid South Africa.

[97] See Rebeca Abers, "From Ideas to Practice: The Partido dos Trabalhadores and Participatory Governance in Brazil," *Latin American Perspectives* 23, no. 4 (1996).

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drop of pronounced social cleavages and very low levels of development and that it accompanied, rather than succeeded, capitalist transformation only highlight the independent effect of political processes, in particular, the critical role of subordinate classes. The necessary precondition was the existence of a procedurally robust democracy that provided critical spaces in which subordinate groups could organize. But if Kerala has parted from the national pattern, the cause must be located in cycles of state-society interactions that were triggered by class-based politics and produced three broad effects.

First, in a society marked by profound social and economic inequities, the forging of a lower-class movement into a cohesive organizational force decisively shifted the balance of power in favor of subordinate groups, paving the way for redistributive reforms. These reforms in turn eroded the economic and social power of landed elites and strengthened the associational autonomy of lower classes.

Second, the logic of class mobilization—redistributive conflict—drew the state in and created the political impetus for getting the democratic state to do what it does best, that is, provide public goods. Most visible was the universal provision of basic services, as well as institutional reform. Less tangibly, but just as crucially, the intensity and sustained character of economic conflicts necessitated lasting and routinized state interventions, rather than payoffs or selective co-optation. The result has been the creation of a rich fabric of mediating institutions governed by legality and democratic authority. The state's demonstrated capacity to effectively mediate distributional conflicts has strengthened the legitimacy of democratic institutions. Another effect of state intervention has been the consolidation of a critical, but much neglected attribute of any robust democracy—a socially regulated market economy.[98] The affinity between democracy and markets is not functionally given, it is historically constructed. The bourgeoisie has historically supported democracy because it provides for the accountability, third-party arbitration, and rule-bound enforcement of laws and contracts that market economies need. Subordinate classes support democratic institutions because they are the means to securing a more equitable distribution of wealth and some degree of protection from economic downswings. Kerala remains a poor economy, but the extent

[98] This follows Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1944). See also Linz and Stepan (fn. 1), who write about a set of "socio-politically crafted and socio-politically accepted norms, institutions and regulations, which we call *economic society*, that mediate between state and market" (p. 11).

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to which vast segments of the informal economy have been subjected to regulation and social protection stands in sharp contrast to the despotic labor relations and social vulnerabilities that characterize most of Indian economy. Because socially regulated capitalism benefits broader segments of the population, is it far more conducive to democratization than is laissez-faire capitalism.

Finally, the logic of class politics has strengthened civil society. It has done so not through the small group dynamic of trust and reciprocity emphasized by many civil society theorists, but rather through the emergence of broader solidarities that were forged from a history of conflict.[99] On the one hand, repeated cycles of mobilization have created organizations and networks that cut across traditional social cleavages, thus broadening the associational scope and quality of public life. As social movement theorists have argued, participation in movements has positive spillover effects for democracy in that it creates new solidarities and nurtures a culture of civic engagement.[100] On the other hand, class-based mobilization has created forms of conflict that lend themselves to compromise and encompassing solutions. Unlike many other forms of claim making, pursuing redistributive demands in a capitalist economy (in which future growth and employment depend on private investment) reveals the interdependence of class interests.[101] Cohesive labor movements in a private property economy can and do act strategically,[102] and the resulting compromises tend to emphasize cooperative and inclusionary social policies.

[99] Minkoff provides an excellent critique of the overemphasis of the civil society literature on community-based origins of civic behavior and the resulting neglect of the role that more aggregated forms of association that transcend local community (social movements, advocacy groups) can play in nurturing civic identities. Debra Minkoff, "Producing Social Capital: National Social Movements and Civil Soceity," *American Behavioral Scientist* 40, no. 5 (1997).

[100] Ibid., 612.

[101] Claus Offe, "Homogeneity and Constitutional Democracy: Political Group Rights as an Answer to Identity Conflicts?" (Paper presented at the Conference for the Study of Political Thought, April 4–6, Columbia University, 1997), 6.

[102] See Adler and Webster (fn. 12).

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THE IDEOLOGICAL DETERMINANTS OF LIBERAL ECONOMIC REFORM
The Case of Privatization

By HILARY APPEL*

FOLLOWING the collapse of the communist regimes in Eastern Europe, one of the first priorities of the reform governments was to transform the system of ownership. The new governments overwhelmingly chose to pursue a broad program of sweeping privatization, transferring the bulk of state property to the private sector. Given that most property was controlled and owned by the state and that there was no historical precedent for privatization on an economy-wide scale, policymakers had to design from scratch a program to transfer the wealth of the state to private hands. With few exceptions, East European privatization officials appointed to this task concluded that it would be too slow and unwieldy to rely on the piecemeal sale of enterprises to private investors, as was typical in West European privatization. More commonly, they developed programs to transfer the ownership of state enterprises to private individuals and groups through mass distribution programs, to be followed by or supplemented with piecemeal sales.

As one can imagine, these policymakers and technocrats could design the mass privatization program in ways that held different distributional consequences for society, such that some groups would benefit more than others, for example, citizens over foreigners, one former elite group over another, managers over labor, and so on. In the Czech Republic the government designed a mass privatization program in which there were no special privileges for any particular groups in society.

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Once the state transformed medium-size and large firms into corporations, any adult citizen could obtain from the government vouchers that could be exchanged for shares in the newly created corporations. There were no explicit privileges or discounts for participants in the voucher program, although foreigners could not participate. In Albania and Hungary the privatization programs similarly avoided granting privileges to particular domestic economic and social groups; Hungarian privatization is unusual, moreover, for encouraging foreign participation over mass participation.[1]

In Russia privatization officials initially adopted a mass, voucher-based program modeled closely on the Czech experience. There was, however, one crucial difference that became more pronounced over time. Although the Russian program started out distributing vouchers equally to all citizens, the program later added enormous privileges for employees. In fact, in 72.5 percent of Russian enterprises privatized through the program, 51 percent of shares were reserved for the employees of that enterprise.[2] Privatization officials in other states similarly designed programs to benefit workers. In Bulgaria 20 percent of shares were offered at 50 percent discount; in Lithuania 50 percent of shares were available to managers and workers at a discount; and in Ukraine a leasing program essentially transferred for free large blocs of shares to worker cooperatives.[3]

In order to explain the distributive benefits of mass privatization programs across Eastern Europe, the academic literature relies primarily on material interests and power as explanatory variables, paying little if any attention to ideological and cognitive factors. The goal of this

[1] While no other postcommunist privatization program was as neutral as the Czech program regarding employee ownership rights, Albania's program is a close second. The particularist benefits for enterprise employees were limited to special bidding arrangements that were poorly executed and with minimal effect. On Albanian privatization, see Igor Artemiev and Gary Fine, "Albania," in Ira Liberman et al., eds., *Between State and Market: Mass Privatization in Transition Economies* (Washington, D.C.: World Bank, 1997), 177–80. On Czech privatization, see Michal Mejstrik, *The Privatization Process in East-Central Europe: Evolutionary Process of Czech Privatizations* (Boston: Kluwer Academic Publishers, 1997).

[2] While estimates vary between 70 and 77 percent depending on the source, 72.5 percent was cited by the former chairman of the State Property Committee in Alfred Kokh, *The Selling of the Soviet Empire* (New York: Liberty Publishing House, 1998), 146.

[3] For an extensive discussion of Polish privatization, see Mitchell Orenstein, *Out of the Red: Building Capitalism and Democracy in Post-Communist Europe* (Ann Arbor: University of Michigan Press, forthcoming). On the distribution of benefits in Russian mass privatization, see Peter Rutland, "Privatisation in Russia: One Step Forward Two Steps Back?" *Europe-Asia Studies* 46 (November 1994); Hilary Appel, "Voucher Privatization in Russia: Structural Consequences and Mass Response in the Second Period of Reform," *Europe-Asia Studies* 49 (December 1997); and A. Radygin, *Reforma sobstvennosti v Rossii, Na puti iz proshlogo v budeshchee* (Property reform in Russia: On the way from the past to the future) (Moscow: Respublika, 1994). For a comparison of fifteen mass privatization programs, see Liberman (fn. 1), 10–13, Table 2.

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article is to make explicit the mechanisms by which ideology influences the design of privatization programs. The next section discusses why existing power-based and interest-based approaches to the study of privatization and property rights change must be expanded to take nonmaterial, ideological factors into account. The third section presents a four-tiered framework of how ideas and ideology determine the design and development of new property rights systems. The final section discusses the larger theoretical implications of incorporating an ideological component into theories of political economy.

Standard Approaches to Property Rights Change

The variation in the designs of privatization policies in postcommunist countries and the consequences of those designs for particular groups in society such as labor, managers, and regional elites raise several important questions: Why did some governments and not others include enormous privileges for enterprise employees in mass privatization? Why did certain groups in society benefit more than others from the particular form of the mass distribution program? More broadly, what factors determine the design of privatization programs in postcommunist states and, by extension, the development of new property regimes?

In response to such questions, prevailing empirical studies of postcommunist privatization tend to emphasize the relative power of political and economic groups in society. Notable examples of this approach are found in the edited volumes of Aslund and in the numerous publications of Boycko, Shleifer, and Vishny and of Nelson and Kuzes.[4] Specifically, the distribution of power in society is said to account for the ability of various groups and stakeholders to acquire special ownership benefits within a privatization program. Analyzing the special benefits for groups such as managers, labor, entrepreneurs, and so on, these studies contend that the political resistance of economic groups and actors is responsible for the evolution of privatization policies.

Explanations from the privatization literature are consistent with the methodological foundations of broader theories of property rights development from economic history. This body of theory, which is not

[4] Maxim Boycko, Andrei Shleifer, and Robert Vishny, *Privatizing Russia* (Cambridge: MIT Press, 1995); Lynn Nelson and Irina Kuzes, "Evaluating the Russian Voucher Privatization Program," *Comparative Economic Studies* 36 (Spring 1994); idem, *Property to the People: The Struggle for Radical Reform in Russia* (London: M. E. Sharpe, 1994); Anders Aslund, *How Russia Became a Market Economy* (Washington, D.C.: Brookings Institution, 1995); Joseph Blasi, M. Kroumova, and D. Kruse, *Kremlin Capitalism: Privatizing the Russian Economy* (Ithaca, N.Y.: Cornell University Press, 1997).

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specific to the postcommunist context, characterizes the transformation of ownership systems as a process driven by the efforts of the state to advance particular economic interests (for example, Anderson and Hill, North) or to construct a certain hierarchy of power (for example, Riker and Sened, Riker and Weimer) that is constrained, however, by the distribution of interests and power in society (for example, Libecap, Umbeck, Eggertsson).[5] Thus, an explanation consistent with standard theories of property rights would argue that the inclusion of extensive employee ownership privileges in Russian mass privatization and their absence in Czech mass privatization can be explained by analyzing the power and interests of managers and labor vis-à-vis the state in each country case.

According to this logic, we should have expected equivalent privileges and benefits for management (the industrial *nomenklatura*) and labor in Russia and in the Czech Republic. That is, we should have expected managers and labor to be in equivalent lobbying positions in Russia and the Czech Republic, given that both states emerged from relatively similar property rights structures and industrial structures, with managers and labor having, in principle, equivalent material interests and prior claims to property. Yet the patterns of resistance to privatization and the inclusion of benefits vary enormously from case to case. Without bringing ideology and legitimacy into our analysis, we would realize the differing bargaining positions of these groups vis-à-vis the government only post hoc, namely, with the benefit of knowing how property had in fact been distributed. In such a case the distribution of property would act as both an independent and a dependent variable: it would identify the relative power and interests of groups in society and it would be a product of that power or interest, resulting thereby in tautology.

A crucial shortcoming of standard materialist and power-based analyses becomes especially apparent in comparative analysis; that is, it makes *no attempt to capture the forces (1) shaping how preferences form and (2) determining how the distribution of power is perceived.* At best the preferences and power of various groups are assumed from the outcomes.

[5] Harold Demsetz, "Toward a Theory of Property Rights," *American Economic Review* 57 (May 1967); Terry Anderson and P. Hill, "The Evolution of Property Rights: A Study of the American West," *Journal of Law and Economics* 18, no. 1 (1975); Douglass North, *Structure and Change in Economic History* (New York: W. W. Norton, 1981); William Riker and Itai Sened, "A Political Theory of the Origins of Property Rights: Airport Slots," *American Journal of Political Science* 35 (November 1991); William Riker and David Weimer, "The Economic and Political Liberalization of Socialism: The Fundamental Problem of Property Rights," *Social Philosophy and Policy* 10 (Summer 1993); Gary Libecap, *Contracting for Property Rights* (Cambridge: Cambridge University Press, 1989); Thrainn Eggertsson, *Economic Behavior and Institutions* (Cambridge: Cambridge University Press, 1990).

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The inattention to the forces that shape rational expectations and individual preference formation can be said to divide the subliteratures on new institutionalism[6] and indeed has been a point of contention between proponents and opponents of rational choice theory more broadly.[7] The critical problem associated with adopting a materialist or power-based approach to studying change in a property regime is that the standard causal variables—material interests and power—are typically treated as black boxes or as simple givens. That is, little attention is paid, first, to the formation of preferences that shape the content of political lobbying and the demands of groups and, second, to the reasons behind the relative power of those groups, and by extension, the potency of their political pressure.

Why are simple assumptions about preference formation especially troubling in the study of postcommunist privatization? It must be made clear that the assumption of self-interested behavior among actors is not directly at issue here; at issue, rather, is the inattention to the definition of those interests. In a revolutionary environment the formation of interests and preferences—even those that are purely materialist in nature—is extremely complex, owing to the rapid and dramatic transformation of political and economic foundational structures. During such a period of great uncertainty and flux, identifying which policies best serve one's self-interest or even the greater economic good is far from straightforward for political leaders, industrial specialists, and economic advisers—not to mention workers, managers, or anyone else whose welfare is affected by the process. This renders problematic a methodological approach that exogenizes preference formation when attributing policy outcomes to the resistance and pressure of stakeholders, especially stakeholders who simplistically pursue their self-evident objective interest.[8]

[6] The rational choice institutionalist literature, which can include much of the literature on property rights, offers what has been described as a "thin" or "simplistic" analysis of human rationality and preference formation. See the discussion of three subfields within the neoinstitutionalist literature in Peter Hall and Rosemary Taylor, "Political Science and the Three New Institutionalisms," *Political Studies* 44 (December 1996).

[7] For critiques of the rational choice paradigm, see Donald Green and Ian Shapiro, *Pathologies of Rational Choice Theory: A Critique of Applications in Political Science* (New Haven: Yale University Press, 1994); Stanley Kelley, "Rational Choice: Its Promises and Limitations," *Critical Review* 9 (Winter 1995); Sven Steinmo, Kathleen Thelen, and Frank Longstreth, eds., *Structuring Politics: Historical Institutionalism in Comparative Analysis* (New York: Cambridge University Press, 1992); Karen Cook and Margaret Levi, eds., *The Limits of Rationality* (Chicago: University of Chicago Press, 1990); and Jane Mansbridge, ed., *Beyond Self-Interest* (Chicago: University of Chicago Press, 1990).

[8] See Oliver Blanchard, ed., *Post-Communist Reform: Pain and Progress* (Cambridge: MIT Press, 1993), chap. 3; and Boycko, Shleifer, and Vishny (fn. 4).

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Posing similar difficulties, power-based theories of privatization and property rights development tend to ignore the extent to which the positions of actors in the existing hierarchy of power depend upon shifting human and material resources, as well as upon highly malleable, subjective perceptions of legitimacy and authority. Power is constantly under negotiation, especially during systemic transformation. Given that perceptions of power directly affect the kinds of demands put forth in privatization and the government's willingness to accommodate those demands, the forces shaping the perception and redistribution of power deserve close consideration.

In brief, identifying one's self-interest and the way to best serve that interest is highly complex and uncertain for most if not all economic actors in postrevolutionary environments.[9] Power is shifting rapidly and dramatically, leaving economic and political groups unable to gauge their relative power and perhaps even unable to determine and serve their maximum self-interest. For this reason, we cannot rely on a theoretical approach that explains regime change by beginning with an assumed distribution of interests and power. Rather, we must take one step back and consider how economic interests or preferences form and how the distribution of power is perceived when a property regime is in transition. The intention of this article is to show how ideology determines the formation of preferences and hierarchies of power, which in turn shape the development of postcommunist ownership regimes.

Ideology and Policy Design

In short, to understand why privatization policies extend explicit privileges to certain groups and not to others, it is necessary to adopt a theoretical framework that takes ideology into account. The remainder of this article draws a direct comparison between the Czech and Russian experiences of mass privatization.[10] Despite the obvious differences in

[9] For a discussion of individual strategies for coping with uncertainty in transition, see Michael Burawoy and Kathryn Verdery, eds., *Uncertain Transition: Ethnographies of Change in the Post-Socialist World* (Lanham, Md.: Rowman and Littlefield, 1999), esp. chap. 1.

[10] While this study directs its focus primarily on the mass privatization programs, similar analysis can be conducted for other areas of property reform, such as the privatization of land and housing. In both of these areas the ideological orientations of elite and mass groups have strongly influenced the transformation of property relations. In Russia, for instance, the struggle by the center (that is, Yeltsin's officials) to privatize agricultural land has been both driven and blocked by ideologically opposed actors. Even more so than in the area of industrial privatization, the ideologically charged sparring match between the president's administration and the legislature over privatizing real property has rankled throughout the years of transition. More recently Yeltsin vetoed the Duma's Land Code prohibiting

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the scope and complexity of the Russian and Czech economies, their political similarities and equivalent policy starting points make them well suited for comparison. In both states a small group of liberal academic economists, having achieved prominent positions in government, developed similar transformative mechanisms to break with the past communist system. Moreover, Russian reformers, who drafted their own reform program shortly after the Czechs, acknowledged that they had benefited from the prior Czech experience in property reform. Both Russia and the Czech Republic also began their reforms in similar international political contexts, with relatively equivalent property structures and degrees of etatization.[11] As well, the *proposed* Russian and Czech programs themselves initially resembled each other in important ways, especially in comparison with the programs of other privatizing states, including other postsocialist states.[12] Both Russia and the Czech Republic implemented a mass privatization program that involved a voucher mechanism, and both distributed property to the population nearly for free. In contrast to the procedure in Hungary, Poland, East Germany, Ukraine, and elsewhere, privatization in Russia and the Czech Republic occurred relatively quickly following the collapse of communism. Furthermore, both teams made immediate privatization a priority. While the similarities between these cases facilitate comparative analysis, it is their difference in the actual (as opposed to the proposed) mass privatization programs that motivates the most interesting questions, specifically, why these two cases differed radically in the extent of privileges offered to economic and regional actors and groups. This article turns to ideology as the variable necessary to answer this immediate question in the hopes of elucidating a much larger area of inquiry: what determines the form of new property rights regimes?

Irrespective of the definition, the term "ideology" necessarily invites controversy. For this reason many scholars avoid the term entirely.[13] For

the sale of farmland (July 25, 1997); the Duma then overrode the veto (April 4, 1998). Similarly, the Duma overrode the president's veto of state regulation of agriculture on July 3, 1997. In addition, the federal Duma opposed regional Duma approval of land privatization in various oblasts, such as in Samara Oblast, Tatarstan, and Nizhny Novgorod.

[11] In 1990 in both Russia and the Czech Republic approximately 5 percent of the gross domestic output (GDP) constituted private sector output. In Hungary private sector output as a percentage of GDP was nearly four times greater and in Poland nearly five times greater. For World Bank/OECD figures on etatization, see Liberman (fn. 1), 5.

[12] For explicit discussion of the influence of the Czech mass privatization program on the design of the Russian program, see Boycko, Shleifer, and Vishny (fn. 4), chap. 4.

[13] For instance, Douglass North noted that he prefers the term "belief system" to ideology, since the latter word was not worth the trouble (Address presented at the annual meeting of the American Political Science Association, Washington, D.C., August 28, 1997).

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instance, several political scientists studying the impact of economic theoretical constructs such as developmentalism, Keynesianism, and economic liberalism on policy-making chose to study the influence of "ideas" rather than "ideology."[14]

Although in this article, the term "ideas" is interchanged with "ideologies" for stylistic reasons, the more comprehensive term remains dominant. The term "ideology" can be used in many ways in the social sciences—in fact, in twenty-seven ways, according to one student of ideology, Malcolm Hamilton. However, after identifying more than two dozen of these conceptual elements or "definitional criteria," Hamilton isolates the essential core around which all definitions of ideology are built: "a system of collectively held normative and reputedly factual ideas and beliefs and attitudes advocating a particular pattern of social relationships and arrangements, and/or aimed at justifying a particular pattern of conduct, which its proponents seek to promote, realize, pursue or maintain."[15]

As the definition notes, ideologies are first and foremost belief systems. Second, ideologies provide an interpretation of the world, both as it is perceived (that is, as a Weltanschauung) and *as it should be*.[16] That is, ideologies prescribe an ideal and thereby recommend a particular formula for change. Hamilton notes, ideologies "seek to persuade . . . they make claims, present an argument, state reasons, for or against some plan, programme, behavior, action, conduct, value, attitude, preference, view and so on."[17] Given that the goal of this article is to identify the mechanisms though which ideologies recommend and shape property reform, the term "ideology" is preferable to its more neutral counterpart, "ideas."

Moreover, in referring to the term "ideology," the article adopts a Hayekian notion of ideology, using it as a neutral term. Thus, ideology here does not imply a Marxian false consciousness but refers simply to a belief system with nothing pejorative intended.[18] Finally, when the ar-

[14] For references see fnn. 51, 52, and 74.

[15] Malcolm Hamilton, "The Elements of the Concept of Ideology," *Political Studies* 35 (March 1987), 38.

[16] This aspect (the moral imperative, the ought and not just the is) of ideology is developed in Clifford Geertz, "Ideology as a Cultural System," in *The Interpretation of Cultures* (New York: Basic Books, 1973).

[17] Hamilton (fn. 15), 36.

[18] When emphasizing the manipulative aspect of ideology some Marxist scholars argue that an ideology "naturalizes" the political order by masking ideological propositions as truth claims. See Jorge Larrain, *The Concept of Ideology* (London: Hutchinson, 1979); and the discussion of Larrain and other neo-Marxists in Rhys Williams, "Religion as Political Resource: Culture or Ideology?" *Journal for the Scientific Study of Religion* 35 (December 1996).

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ticle refers to ideology or ideas, it refers not to the idiosyncratic beliefs of individual leaders but rather to a set of ideas shared by many—such as liberalism, nationalism, anticommunism, or pro-Westernism. The concluding section returns briefly to the choice of focusing on ideological variables over other nonmaterial variables, such as political culture.

The Theoretical Framework

This article identifies four primary ways in which ideological factors determine the development of privatization programs and shape the evolution of property rights systems. Empirical examples are used throughout to show how ideology is determinative in the following *four capacities:*

1. ideological foundations of theories: ideology determines how privatization programs are drafted
2. ideological context: the ideological context shapes the definition of interests and the distribution of power in society
3. ideological foundations of compliance: ideas influence how leaders attempt to gain support for and compliance to a new property rights system
4. ideological compatibility of programs and peoples: the compatibility between the ideas underpinning privatization policies and ideas and beliefs in society affects the ease of implementation and the distortion of privatization programs over time

These four relationships are expressed in Figure 1.

Elaborating the Theoretical Framework

Ideological Foundations of Theories

Ideology determines how programs are designed. Put most simply, there is little doubt that ideology and, in the case at hand, economic liberalism shaped the policymakers' decision to base the new property system on private ownership. In this regard, ideas as the components of liberal economic theories—which assert that certain economic benefits follow from private property; for example, private ownership leads to a more efficient use of resources than state ownership—influence the nature of regime change.

In many respects it is intuitive that economic ideas embedded in economic theory influence economic policy-making. Indeed this occurs in two ways. First, such ideas identify an approach in a broad general

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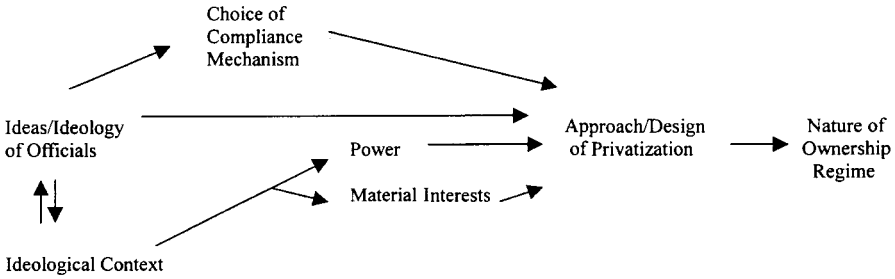

FIGURE 1
THEORETICAL FRAMEWORK: THE CAUSAL MECHANISMS

sense. In this way the anticipated benefits from a liberal property reform and the perceived negative consequences of continued state control can recommend that the state find mechanisms to advance the transformative process as quickly as possible—either to ensure that the goal of systemic change is in fact realized and made irreversible or to reap the benefits of private ownership sooner. In both Russia and the Czech Republic the urgency to privatize was largely motivated by the belief that economic recovery and revitalization could be achieved only by changing the ownership regime.[19]

Second, economic ideas can shape policy in a specific, technical sense; that is, formal economic theories by virtue of their acceptance among technical experts shape policy-making in specialized arenas. This is a well-known argument previously advanced in the political sci-

[19] The urgency to privatize in Russia stemmed from the fear that the goal of creating a capitalist economy could be thwarted if it were not accomplished quickly. Given that Yeltsin's reformers understood private ownership as the only acceptable institutional arrangement to correct for past structural economic weaknesses, the achievement of this goal and its irreversibility were paramount. In the Czech Republic there was less fear (although still some) of a return to communism or of the inability to break free from the Soviet Union entirely. However, the Czech reform team was similarly concerned that the privatization process must be achieved quickly before various groups, especially managers, "woke up" as one leading privatizer explains, "and attempted to block the process"; author interview with Dušan Tříska, Prague, February 13, 1996. The urgency of speed is reflected in the writing of Tříska and Klaus, who explain their voucher approach in the following way: "Speed . . . was regarded as absolutely essential and, therefore, no strategy was regarded as feasible, unless it was capable of producing fast results"; see Václav Klaus and Dušan Tříska, "Review Article of Janos Kornai's "The Socialist System: The Political Economy of Communism," *Dismantling Socialism, An Interim Report: A Compendium of Texts from the Years 1992–1994* (Prague, 1994). The article was also published in the Hungarian journal *Buksz* (Winter 1994.)

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ence literature on epistemic communities.[20] However, those sympathetic to the role of ideas may take this assertion one step further. On a less intuitive and perhaps more controversial level, ideology—in terms of normative conceptions of justice—can also be determinative for policy design. The arguments about the direct influence of widely held conceptions of justice on policy-making and regime change have been central to historical discussions of the abolition of slavery in the United States and of decolonization in Africa and Asia.

While the extent to which common or elite conceptions of justice shape policy content remains a deeply complex issue, the logic of the argument is straightforward.[21] Therefore, it is useful to turn to the more subtle ways in which ideology can determine the evolution and design of property reform.

IDEOLOGICAL CONTEXT

The ideological context shapes the definition of interests and the structure of power. There are structural mechanisms through which ideas influence the development of property rights. Ideas, in terms of the ideological context, can affect the legitimacy and hence the strength of potential opponents of government programs. As will become clear in the empirical discussion, the "ideological context" is not a fuzzy concept. It is simply a linguistic shortcut for the sum of the ideas held by members of the elite and mass groups that find expression in both the political discourse and formal institutional mechanisms. In the transformation of property rights in postcommunist states the ideological context directly shaped how members of certain groups defined their material interests. Further, it determined the power of key groups to pressure the government to accommodate those interests.

The Czech ideological context following the Velvet Revolution, in which anticommunism was pervasive, weakened the power of certain groups to lobby the government to revise the legislation on privatization. Especially affected in this regard were organized labor and the industrial *nomenklatura,* that is, the directors and midlevel managers of state enterprises. Specifically, anticommunism in both institutionalized

[20] On the influence of ideas on policy through epistemic communities, see Peter Haas, ed., *International Organization: Knowledge, Power and International Policy Coordination* (special issue) *International Organization* 46 (Winter 1992).

[21] Given the complexity of this issue and the limited space available here, it is possible to raise only this theoretical assertion. For a detailed discussion of this issue, see Hilary Appel, "Justice and the Reformulation of Property Rights in the Czech Republic, *East European Politics and Societies* 9 (Winter 1995).

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and spontaneous forms aggravated the professional insecurity of the political *nomenklatura* and managerial class, leaving them reluctant to obstruct liberal property reform or negotiate changes to the privatization legislation. As a result either of the Czech lustration law[22] or of the spontaneous opposition of midlevel managers and the worker collectives to past political industrial appointments, large numbers of top managers were dismissed from enterprises. Those managers remaining felt that their position was too precarious to challenge the new regime. As Dušan Tříska, the coauthor of voucher privatization and deputy of former premier Václav Klaus, explains, "Managers were taken by every possible group as potential criminals, and everyone took them as representatives of the old regime." Tříska adds that it was consequently not necessary to cater to their interests and let them profit from privatization. Klaus led managers to believe the process was unavoidable.[23] As a result, midlevel managers who survived the forced exodus from industry placed a higher priority on protecting their positions than on trying to reap greater benefits from privatization.[24]

Similarly, the pervasiveness of anticommunist sentiment contributed substantially to the weakness of labor in lobbying the government to assign privileges to enterprise employees. When the privatization legislation was under debate in the parliament, Czech labor organizations were unable to forge the necessary alliances to mount any significant opposition to the privatization programs. At first, the main trade unions—the ČSKOS (the Czech and Slovak Confederation of Trade Unions)—tried to influence economic reform and submitted their own legislation to the parliament. However, following the Velvet Revolution many parliamentarians came to view trade unions as a remnant of the political past and refused to support labor's proposed legislation. In essence, they considered any appearance of support for labor groups in that environment to be politically risky.[25]

[22] In the Czech Republic the lustration law was an anticommunist screening measure that required the bureaucratic and industrial elite to resign from certain top posts for past acts of political collaboration, in particular with the communist secret police. Vojtech Cepl, "Lustration in the CSFR," *East European Constitutional Review* (Spring 1992); Jirina Siklova, "Lustration or the Czech Way of Screening," *East European Constitutional Review* (Winter 1996).

[23] Author interview with Tříska (fn. 19).

[24] See Hilary Appel and John Gould, "Identity Politics and Economic Reform: Examining Industry-State Relations in the Czech and Slovak Republics," *Europe-Asia Studies* 52 (January 2000).

[25] For proclamations by trade union leaders that parliamentary deputies were intentionally taking antiunion stands, see *ČTK National News Wire*, December 6, 1990. On the difficulties of finding support from the center of Parliament (including from Civic Forum) on labor issues, see *ČTK National News Wire*, December 4, 1990. For further details of the trade unions' position on privatization, see *Práce*, November 6, 1990. Difficulties on the part of labor in finding support in parliament were also

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Regarding mass privatization in particular, labor unions were unable to convince the government or the parliament to reserve a significant block of shares for employees within the program of voucher privatization, even though the first legal document proposing mass privatization, the Scenario for Economic Reform,[26] referred to employee ownership as a standard method that could be implemented alongside voucher privatization. The very weakness of labor is underscored by the workers' inability to acquire rights to even the legal amount allotted to them. In fact, the percentage of shares reserved for employees turned out be much lower in practice than the 10 percent (later amended to 5 percent) maximum allowed by law.[27]

Despite the attempts by the new trade union leadership to shed labor's reputation as a communist holdover, the formal restructuring of the unions[28] went unrecognized during this crucial early period in which the privatization program was adopted. Only those members of parliament who were clearly on the left (for instance, from the Communist Party or *Obroda*) were interested in supporting labor. Ironically, their support was entirely unwelcome, and ČSKOS avoided such affiliations as part of its ongoing efforts to break with its communist past. In other words, for the same reasons that Czech parliamentarians preferred to avoid any association with labor so as not to appear too far left on the ideological spectrum, labor was also hesitant to form alliances with communist deputies. Hence, the anticommunist beliefs of labor leaders and parliamentarians prevented coalitions from forming to effect changes within the privatization program.

Post-Soviet Russia did not experience formalized manifestations of anticommunism like those in Czechoslovakia following the Velvet Revolution. The continued legitimacy of the legislature elected under the communist regime and the absence of anticommunist screening laws (that is, lustration laws) ensured the professional security of past power

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trepeated in author interviews with members of the first postcommunist Federal Assembly, including Jan Kavan, Prague, February 7, 1996, and with members of the Czech Parliament, including Václav Řak, Prague, February 22, 1996.

[26] See provisions on preferential sale to employees in excerpts from the Scenario for Economic Reform, in "Document: Ze Scénáře Ekonomické Reformy," *Lidové noviny*, September 4, 1990, 2.

[27] See Josef Kotrba, "Privatization Process in the Czech Republic: Players and Winners," in *The Czech Republic and Economic Transition in Eastern Europe* (San Diego, Calif.: Academic Press, 1995), 164–65.

[28] Over 80 percent of former trade union leaders had been dismissed, 90 percent of the members had given up their Communist Party membership immediately after the Velvet Revolution, and, moreover, the ČSKOS prohibited all formal affiliations with political parties in enterprises and workshops. See "Reinventing Trade Unions" (Manuscript, Central European University Privatization Project, Fall 1994); and Igor Pleskot, "Czech and Slovak Trade Union Movement in the Period of Transformation to a Civil Democratic Society" (Mimeo, April 1994).

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holders. The implementation of Russian privatization was confounded by the absence of formal mechanisms that could mute the parochial demands of the former *nomenklatura* or complicate the formation of antigovernment or antiliberal alliances. In other words, because parliamentarians elected under the communist regime or managers appointed under the previous system were less troubled by professional insecurity, they were able to make bolder claims for property. As a result, the privatization team confronted enormous political pressures and in response sought political support in exchange for granting widespread exemptions and special privileges to sectoral and factoral groups. As the privatization process advanced, the ability of Russian privatization officials to build support for their economic agenda became even more dependent on enormous transfers to potential supporters within the industrial and financial elite, peaking with the 1995 loans for shares program.

In essence, one must recall that when the 1992 Russian privatization program was being debated, Russian privatization officials were working within a different ideological context and thus confronted a legislative arena that contrasted sharply with that faced by Klaus and the Czech property reformers. Unlike in most other postcommunist states in Eastern Europe, there were no new elections called in post-Soviet Russia; and those politicians elected under the previous system were deemed legitimate within the new polity. The lack of parliamentary support is evident as early as January 1992, when the speaker of the parliament called on the government to resign.[29] Similarly, those managers in top posts in Russia (many of whom had obtained their positions for political reasons in the past) maintained their positions. Hence, when the privatization debates began in the legislature, the Supreme Soviet included a high proportion of communist deputies[30] who were ideologically sympathetic to employee rights, or at least politically compelled (to appear) to support them.[31] As a result, Russian managers were able to form alliances with members of the federal legislature and pressure the State Property Committee to increase their ownership stakes in privatization under the banner of employee rights.

[29] *Izvestiia*, January 14, 1992, 1.

[30] On the ideological makeup of the highest political organs from a progovernment perspective, see Al'bert Plutnik, "Atakuia pravitel'stvo, oppozitsiia boitsia uspekha reform," *Izvestiia*, April 9, 1992, 1–2. For estimates of the percentage (87 percent) of members of the Supreme Soviet believed in 1992 to be former communists, see *Finansovaia Izvestiia*, November 18, 1992, i.

[31] On the early tensions between the legislature and the government, see Ivan Elistratov and Sergei Chubaev, "Pravitel'stvo vozvrashchaetsia na . . . nachalo sotrudhuchestvo," *Izvestiia*, April 15, 1992, 1.

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Initially, Anatoly Chubais, as the chairman of the committee, resisted the transfer of property to both managers and rank-and file-workers.[32] This, however, did not prevent Russian employees from obtaining from the 1992 Russian Privatization Law the controlling stake of almost three-quarters of enterprises privatized.[33] Leading privatization officials openly and not infrequently lamented the extent of employee ownership and described it as a serious flaw in the program's design.[34]

Despite the compromise, Russian privatization officials at the same time directed their efforts toward indirectly limiting the amount of ownership control given to workers.[35] For example, Chubais insisted that worker shares be fully transferable and individually owned rather than collectively owned by the trade union or the enterprise workers' council. Full transferability was expected to facilitate the movement of worker shares.[36] Owing to the transferability of worker shares and vouchers and the maneuvering of managerial and industrial elites, worker ownership declined somewhat over time while managerial control over enterprises soared.

To summarize, in these instances, contrary to a power-based or materialist interpretation of politics, ideas have influenced structures of power and the definition of material interests rather than the reverse. In the Czech ideological context anticommunism served to discredit labor demands and made managers reticent, thus preventing these two groups from shaping the design of privatization. Moreover, the preva-

[32] The government first proposed that employees receive 25 percent of the shares of their enterprise for free; however, these shares would be nonvoting. Yet as greater pressure mounted, the reform team offered a second and then a third variant from which worker collectives could choose. In the second variant employees could buy 51 percent of the voting shares for a negligible price. In the third variant managers or a small group of workers could buy 20 percent of voting shares at the nominal price, but several conditions governed the transaction. The second variant was designed to placate workers and managers and the third variant was specifically intended to satisfy managerial demands. The third variant was seldom applicable, though, due to strict eligibility requirements that were obscurely written into the legislation. In addition to these three variants, a fourth one was proposed by the Parliament but successfully thwarted by the reformers—to transfer up to 90 percent of the shares of an enterprise to the worker collective. For further detail on the three variants, see Roman Frydman et al., *The Privatization Process in Russia, Ukraine and the Baltic States* (London: Central European University Press, 1993), 53–58; and on the fourth variant, see Darrell Slider, "Privatization in Russia's Regions," *Post-Soviet Affairs* 10 (October–December 1994), 375.

[33] See fn. 2.

[34] Dmitry Vasiliev's assessment of employee privileges, reported in *Financial Times*, November 26, 1993, 2. See also former Russian State Property Committee chairman Alfred Kokh's depiction in Kokh (fn. 2), 51, 82.

[35] For an extended discussion the Russian government's intentions and the distributive consequences, see Appel (fn. 3), 1433–49.

[36] See Andrei Shleifer and Dmitry Vasiliev, "Management Ownership and Russian Privatization" (Paper presented at the World Bank conference on Corporate Governance in Central Europe and Russia, Washington, D.C., December 15, 1994), 9.

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lence of anticommunism influenced the preference formation of Czech managers who, in contrast to their Russian counterparts, preferred to minimize the risk of losing their job over becoming proprietors of their firms. In Russia anticommunism was less prevalent in the political discourse and did not find anywhere near the same level of expression in formal institutions. As a result, the legitimacy and hence the power of many groups who had benefited from the past communist regime was strengthened (or at least was not weakened), which in turn affected their ability to advance their claims to property during the reformulation of Russia's ownership regime.

IDEOLOGICAL FOUNDATIONS OF COMPLIANCE

Ideas influence how leaders attempt to gain support for and compliance with the new property rights system. For the sake of implementing privatization programs, the ideas of leaders affect the way they approach the task of eliciting support for and assuring compliance with newly designed policies. In investigating how leaders go about eliciting compliance from groups in society, it is useful to borrow Amitai Etzioni's theoretical framework from organizational theory.

According to Etzioni, the state (or any organization) can employ three types of mechanisms to elicit compliance from target populations: coercive, remunerative, and normative.[37] Coercive mechanisms involve a credible threat or the actual use of force to gain compliance, such as the threat of violence or incarceration. Coercive mechanisms are not particularly helpful for understanding how postcommunist governments achieved compliance with the new private property regime. However, governments have relied throughout history on coercive mechanisms to found new ownership regimes, a key case in point being the founding of the communist system of state ownership. During the 1930s coercion enabled the nationalization of property, collectivization, and dekulakization in the Soviet Union.[38]

Another set of mechanisms employed to elicit compliance with a private property regime is remunerative or utilitarian in nature. Such mechanisms rely upon economic benefits and special privileges to win

[37] Etzioni, *A Comparative Analysis of Complex Organizations: On Power, Involvement and Their Correlates* (New York: Free Press, 1961), 34–22. See the discussion (and extension) of the three reinforcing mechanisms in Ian Lustick, "Hegemony and the Riddle of Nationalism: The Dialectics of Political Identity in the Middle East," Working Paper 1997-01 (Christopher H. Browne Center for International Politics, University of Pennsylvania, 1997).

[38] Jerry Hough and Merle Fainsod, *How the Soviet Union Is Governed* (Cambridge: Harvard University Press, 1980), 148–52.

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support, such as special enterprise share-holding privileges, bribes, and monetary transfers.[39] The free transfer of the shares of formerly state-owned enterprises to the population through vouchers is an example of a utilitarian compliance mechanism because it helped to ensure the participation and support from the population at large.

The third type of mechanism, based on ideological reinforcement, is also important for gaining support for a new ownership regime. In this case, affected groups in society support a program not because they directly benefit, but because they consider it legitimate, fair, or appropriate.

The value of borrowing from Etzioni goes beyond simply being able to assert that postcommunist governments rely upon ideological legitimization. This is intuitive as well as consistent with mainstream theories of change in property rights and policy-making more broadly.[40] Moreover, few would disagree that governments make ideological assertions, even if only to justify or mask a particular agenda. *Rather, the importance of compliance mechanisms for understanding the role of ideas is emphasized in order to argue that leaders' ideological beliefs determine which among the three reinforcing mechanisms they employ.* This choice does not merely represent an intellectual exercise by political strategists. Instead, this choice can affect the strength of political resistance as well as the content of a policy program—especially when leaders chose utilitarian mechanisms requiring material benefits to be incorporated into a program.

While both the Russian and Czech leaders employed remunerative reinforcing mechanisms such as the free distribution of property through vouchers, the Czech leaders in addition relied extensively on anticommunist and pro-European ideas to develop highly effective ideological reinforcing mechanisms. Throughout the privatization program, Klaus recognized the need to maintain his support base through an ongoing political effort to sell and legitimate the transformation process.[41] His own comments acknowledge this deliberate campaign-

[39] For a discussion of the dependence of normative compliance mechanisms on material incentives and coercion potential, see Margaret Levi, *Of Rule and Revenue* (Berkeley: University of California Press, 1988), 68.

[40] For instance, North considers ideology primarily as an instrument of the state to justify programs and as a tool of the opposition when attacking existing arrangements. Ideas do not drive the formation of property rights systems, but they have played an important role in the maintenance of and challenge to existing property rights. North (fn. 5), 50–52.

[41] Quoted from the text of the speech by Klaus at G-30 conference in Vienna on April 24, 1993, "The Czech Republic's Prospects . . .," *Telegraf*, May 4, 1993, cited in "Klaus Hands Down 'Ten Commandments' for Reform," *FBIS-EEU* 93-087, May 7, 1993, 7, 9.

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ing style and show the extent to which he recognized the value of reinforcing mechanisms. Klaus states:

> It is absolutely essential for reformers to have faith in the success of the reforms to be able to inspire all their fellow citizens and be able to establish broad pro-reform coalitions. The reform is not an academic problem: it is a political affair and it is of immense importance to enlist sufficient political support for it. We realized at the very beginning that establishing a political platform was an indispensable part of reform activities. . . . This required immense political and human efforts, hundreds of political tours, and endless meetings with thousands of people—in other words, it required, and still does, a permanent campaign.[42]

Attempting to legitimate his economic approach with ideologically charged rhetoric, Klaus presented his program to the greater population as the most liberal approach—one that would restructure the former Soviet-style planned economy according to "European" or "Western" economic principles.[43] More specifically, Klaus was very effective in selling the historical appropriateness of the approach. His program would "return" the country to its rightful place as a member of the Western or European communnity. In this way he equated his pro-European emphasis with a pro-Czech position.

In Russia, by contrast, rather than developing ideological legitimating mechanisms in the tradition of Klaus, reformers did little to promote the mass privatization process on ideological grounds. Officials relied instead upon material incentives to individuals and groups to implement privatization and eschewed ideological campaigns and political slogans in their writings and public statements. As Chubais, the architect of Russia's mass privatization program, explained the future viability of the program: "As it has been planned . . . each citizen of Russia will in reality become a proprietor, not at the level of slogans and appeals, but at the level of a monetary document in his pocket. The implementation of this program will itself become an irrevocable guarantee for [a] more comprehensive process of reforms."[44]

As Russian privatization officials themselves acknowledge, they sought to advance the process, first, by buying popular support with a voucher mechanism and employee benefits and, second, by co-opting powerful groups and sectors by granting numerous concessions, privi-

[42] Ibid.

[43] Zdenka Mansfeldová, "Professional and Political Strategies in Economic Discourses" (Paper presented at the conference on Symbolic Politics and the Process of Democratization in Eastern Europe, Berlin, August 21–28, 1994).

[44] "Press Conference with Anatoly Chubais," *Official Kremlin International News Broadcast*, July 30, 1992.

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leges, and exemptions. In a speech to the Congress of People's Deputies, Chubais stated:

> A legal framework has been laid down to get privatization really moving. It is essential to this end to achieve a correct balance of interests of all social groups involved. . . . The privileges and exemptions provided under our privatization program are the largest in the entire history of privatization throughout the world. At the same time we are convinced that it is equally impossible to get privatization moving without providing effective incentives.[45]

Why did the Russian reformers rely primarily on material reinforcing mechanisms to sell the privatization program and stay away from using Russian cultural symbols or historical referents? To answer this question, one must consider the ideas of these actors, in particular, the liberal economic ideas and professional identities of the Russian architects of privatization. Yeltsin's property reformers, that is, were committed to the liberal economic principle that all economic beings are rational self-interested actors who respond intuitively to material incentives. This liberal (or neoclassical) ideological disposition is exemplified by the scholarly work of Maxim Boycko, a leading economist on the privatization team. He wrote explicitly that there was nothing unique to the Russian nation that would to preclude the implementation of a liberal economic regime.[46] According to this logic, any campaign linking privatization to specifically Russian cultural or historical symbols or any revision of the program to make it appear particularly suited to the Russian context would imply that Russians do not respond rationally to material incentives.[47] Furthermore, any suggestion that the Russian nation somehow fell outside the liberal economic paradigm would undermine the universal premise of their liberal ideology.

To be clear, the ideological vision of Yeltsin's reformers was not substantially different from Klaus's vision of integrating the economy and

[45] "Speech of Anatoly Chubais to Congress of People's Deputies," *Official Kremlin International News Broadcast,* April 8, 1992.

[46] Boycko was a key player in Russian property reforms, holding numerous positions in the privatization process, including director of the Russian Privatization Center and briefly chairman of the State Property Committee (also known as the minister of privatization). On the universality of the rational actor model, see Robert Shiller, Maxim Boycko, and Vladimir Korobov, "Hunting for Homo Sovieticus: Situational versus Attitudinal Factors in Economic Behavior," *Brookings Papers on Economic Activity* (Spring 1993); and idem, "Popular Attitudes toward Free Markets: The Soviet Union and the United States Compared," *American Economic Review* 81 (June 1991).

[47] As Piotr Aven, an economist working with Gaidar and minister of economic relations, writes on this theme: "There are no special countries. All countries from the point of view of an economist are the same in what concerns the stabilization of their economies"; in *Nezvisimaia gazeta*, March 27, 1992, quoted by Vladimir Shlapentokh, "Privatization Debates in Russia, 1989–1992," *Comparative Economic Studies* 35 (Summer 1993), 19–32.

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the country with the West. The insistence by Russian privatization officials that Russia—just like the capitalist world—was populated by self-interested economic agents underscores their Westernizing project. However, it was not on this basis that they attempted to build public support within the domestic political arena.

In the early period of privatization Yeltsin's reformers simply did not see it as their place to launch a cultural campaign, since they thought of themselves as economic technocrats and not politicians—a distinction they themselves drew.[48] Undertaking an explicitly ideological campaign to build popular support was distasteful to the reformers, as such a campaign would have smacked of communist-era tactics. Yeltsin, in his memoir, criticizes the liberal economic reformers for not wanting to "dirty their hands with politics."[49]

Thus, although both the Czechs and the Russians sought to make their programs appear fair to the greater population, only the Czech reformers attempted to link the creation of the new property regime to the founding of a postcommunist national identity. The Russian reformers for their part eschewed directing any ideological reinforcing mechanisms at the domestic audience. At best Chubais (like Klaus) appreciated the value of appearing pro-Western and liberal for *international* audiences. In the end, failing to focus on ideological legitimation in Russia greatly hindered the liberals' attempts to implement and sustain the privatization program and ultimately led them to concede certain privileges to factoral, sectoral, and regional groups against their preferences and even against some of the liberal ideals that inspired the construction of a new property regime.

IDEOLOGICAL COMPATIBILITY

The fourth way in which ideas influence the implementation builds upon the first three. Namely, a lack of compatibility between the ideological basis of a program and the ideas of elite and mass groups increases the cost of political reinforcement; and depending on the will and skill of leaders, this incompatibility can determine the extent to which liberal reform is distorted.

The notion of an ideological compatibility between a program and a particular context has its roots in Weber's *The Protestant Ethic and the*

[48] On the reformers' self-perception as macroeconomic technocrats indifferent to popularity ratings, see "Egor Gaidar i v bezbykhodnykh situatsiiakh nado iskat' vykhod," *Izvestiia,* July 5, 1992, 1, 3.

[49] Boris Yeltsin, *The View from the Kremlin* (London: Harper Collins, 1994), 159.

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Spirit of Capitalism.[50] More recently it has been studied by such prominent political economists as Peter Hall and Kathryn Sikkink, who focus on the role of ideas in the introduction of new economic regimes.[51] Although these scholars do not speak of reinforcing mechanisms per se, they do note the importance of what they call the "fit" between ideas of specific groups in society and the ideas underpinning new economic paradigms for how those paradigms are received and supported.[52]

In this regard, the importance of compatibility relates to the political resistance that reformers face and the cost of social compliance and political reinforcement. *In particular, the less the ideas underpinning a program fit effortlessly with the ideas of different economic and political groups, the greater the cost of developing reinforcing mechanisms.*

A comparative study of how postcommunist governments promote liberal property reform illustrates this principle well. In the Czech Republic the reformers strengthened the case for privatization by portraying it as anticommunist (for example, with the Property Restitution laws) and pro-European (with the institutionalization of private system of ownership)—and thus they argued, essentially Czech. It was relatively easy (that is, it took little effort) for the Czech reformers to argue this logic by emphasizing that the communist system had been imposed and enforced from without and needed to be replaced by a system more appropriate to the Czech context, namely, a European system. Given existing territorial and cultural referents, it was rather straightforward for Klaus to make the creation of a new property system part and parcel of the formation of a new Euro-Czech identity.

This pro-Europe/pro-Czech campaign was not limited to Klaus, even if he at that time attempted to appropriate it as his own.[53] The famous slogan "Return to Europe!" was Civic Forum's successful slogan in the June 1990 elections. By including the word "return," this slogan

[50] Max Weber, "The Protestant Ethic and the Spirit of Capitalism," in W. G. Runciman, ed., *Weber Selections in Translation*, trans. Eric Matthews (Cambridge: Cambridge University Press, 1968).

[51] Hall, *The Political Power of Economic Ideas: Keynesianism across Nations* (Princeton: Princeton University Press, 1991); Sikkink, *Ideas and Institutions: Developmentalism in Brazil and Argentina* (Ithaca, N.Y.: Cornell University Press, 1991).

[52] The notion of ideas "fitting" or "resonating" in a given context as an important insight from the ideas literature can be found within the works of many influential contributors in one form or another. See Hall (fn. 51); Sikkink (fn. 51); and G. John Ikenberry, "Creating Yesterday's New World Order: Keynesian 'New Thinking' and the Anglo-American Postwar Settlement," in Judith Goldstein and Robert Keohane, eds., *Ideas and Foreign Policy: Beliefs, Institutions and Political Change* (Ithaca, N.Y.: Cornell University Press, 1993).

[53] See Klaus's remarks when forming the Interparliamentary Group of the Democratic Right Wing, a subgroup of Civic Forum, and declaring the fundamental principles of the organization (*ČTK National News Wire*, October 31, 1990), when Klaus announces the principles of Civic Democratic Party (ODS) upon its formation.

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reinforces the already prominent notion of Czechoslovakia as part of Europe and implicitly reaffirms prevailing conceptions of geopolitical divisions. (After all, the slogan could have also been "To Europe!") Indeed pro-Europeanism resonated—or at the very least was made by politicians to resonate—with current popular notions of history and perceptions of geographical spheres and with cultural and religious divides, all of which were evoked to justify the nation's place in Western rather than Eastern or Slavic civilization. Yet despite the existing pro-European sentiment, the fact that Klaus chose to stress a more Western and more integrative approach, rather than fueling a strictly nationalist identity was in no way preordained. Consider, by contrast, the effort by Slovak premier Vladimír Mečiar to foster a more nationalist identity during the same time period. Nonetheless, given the Czech tradition of asserting its place in Europe and the popularity of existing slogans, it was not difficult for Klaus to present the property structures of a Western, liberal system as essentially Czech and thereby to help legitimate his liberal economic approach.[54]

At the same time Klaus placed himself in stark opposition to anything that smacked of a compromise between Western capitalism and Soviet communism. He sought to link the privatization program to a widespread desire to break with the past, which meant dismantling the communist system and differentiating the country from the Eastern bloc. In the process of defining himself as the leader who would return the Czechs to Western Europe, he also implied that those less committed to the free market would hold the country back, keeping it in the communist era. In order to highlight the Western liberal nature of his approach, Klaus would label the alternative programs as "third ways," "reform communist," or simply "socialist." By contrast, he asserted that he "want[ed] a market economy without any adjectives," insinuating that the society must choose between market capitalism and another version of communism.[55] Klaus's view is encapsulated in an address to Civic Forum: "No path of socialism with a human face, no left alternatives or Obroda [communists expelled from the party after the 1968 Soviet-led invasion of Czechoslovakia] can lead to a modern European State. We are not returning to the year 1968, the key year is 1948. . . . [W]e are following the tradition of the First Republic (1918–1938),

[54] Similarly, in building a new, postcommunist identity, political leaders resorted to similar appeals to history, citing the Masaryk period in particular, to support the "naturalness" of democracy in the Czech lands. For further analysis, see Ladislav Holy, *The Little Czech and the Great Czech Nation* (Cambridge: Cambridge University Press, 1997).

[55] See press release for market quote in Reuters, May 31, 1990.

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Christianity, European Civilization."[56] A similar strategy would of course have been substantially more complicated in Russia, given its very different ideological context and territorial referents. Since the inception of market reforms, the rejection of the communist past in favor of a new Western liberal orientation has often been interpreted in post-Soviet Russia as a rejection of oneself and demeaning to one's past. And while history is certainly subject to reinterpretation and distortion, it would require a substantial effort to make a persuasive case in Russia that the adoption of capitalism (and private property) was a return to a former self. Russian politicians could not reject communism as alien or overlook the foreign connotation of a liberal property system with anywhere near the same ease as Czech politicians could. Furthermore, promoting such a campaign would have required not only willingness on the part of the liberal reformers but also sufficient charisma and skill.

Compatibility, Leadership, and One Final Caveat

This emphasis on the importance of a compatibility—or in Weberian terms, an "elective affinity"—is not meant to suggest that the ideological beliefs of dominant groups are fixed or that the ideological significance or symbolism of a new economic project is immutable. Through the manipulation or the repackaging of a project, this fit between the ideas underlying a new ownership regime and the ideas in society can be improved. This depends primarily on which aspects of the process are emphasized (or deemphasized) or on which salient changes to the legislation are adopted. Similarly, if one takes a Gramscian perspective, the dominant ideas themselves in the political environment can be rearticulated in a way more in line with liberal economic reform and the privatization process.[57]

[56] *ČTK National News Wire*, December 8, 1990. Examples of Klaus's evocation of history in public speeches abound. Note Klaus's historical references when he founded Civic Democratic Party (ODS) and announced the programmatic principles of the party. According to the Czech national news agency, Klaus explained that ODS would "follow the traditions of European Christian civilization, the humanistic and democratic traditions of the preordained-Munich republic (1918–1938) and the experience of the present Western democracies. It resolutely and entirely rejects Marxist and Leninist ideology, and all trends toward Socialization and Collectivization in the economy and politics are alien to it." Applicants for membership in the ODS would have to state whether they had been members of the Communist Party, and applications from former members of the People's Militia and collaborators with the former secret police would be rejected; *ČTK National News Wire*, March 1, 1991.

[57] For a discussion of the Gramscian concept of "articulation," see Grossberg, who defines articulation as a "continuous struggle to reposition practices within a shifting field of forces, to redefine possibilities by redefining the field of relations—the context—within which the practice is located." Lawrence Grossberg, *We Gotta Get Out of This Place: Popular Conservatism and Modern Culture* (London: Routledge, 1992), 54, quoted in John Kurt Jacobsen, "Much Ado about Ideas: The Cognitive Factor in Economic Policy," *World Politics* 47 (January 1995), 308–9.

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The malleability of social norms and mass perceptions raises important questions about the role of ideas. If programs can be packaged to fit a given context, how does the ideological context constrain the development of property rights structures? Similarly, if widely held ideas and beliefs are subject to manipulation, how important is the issue of compatibility? More broadly, what power does ideology ultimately wield? *Ideology will constrain and distort the implementation of a privatization program when the ideas of a program do not effortlessly fit with the ideological context and when political entrepreneurs lack the skill or the will to develop ideological reinforcing mechanisms that avoid changes within the structure of the program.*

As discussed above, leaders' beliefs may prevent them from developing effective reinforcement mechanisms, as occurred in Russia, where privatization officials refused on principle to mount an ideological campaign for mass privatization. Even more commonly, though, new leaders may simply lack the political skill to construct effective ideological reinforcing mechanisms.[58] Either they fail to associate the project with positive symbols, or they cannot find a language to describe a program that avoids alienating mass groups. Alternatively, they may neglect to find those elements in the program that relate to the issues most salient in the political discourse and may inadequately emphasize how the project reinforces cultural or territorial identities. Consequently, when there is no immediate resonance between the ideas behind privatization and the ideas of major groups in society, and when political entrepreneurs cannot construct effective ideological reinforcing mechanisms, then the incompatibility between the ideas of a program and the ideological context has a generative effect on policy content by altering and hindering the realization of the new property regime.

In sum, through the development of an ideological legitimating campaign, the Czech reformers were able to bolster the privatization process by equating the institutionalization of a European or Western property regime with a return to a former self. Klaus played on the notion that a European property system was organic to the Czech soil and that its (re)establishment could be understood as part of the process of rebuilding what had been repressed. On the contrary, in post-Soviet Russian society European or Western symbols and policy programs lacked an equivalent preexisting nationalist connotation (save a few ex-

[58] John Hall writes: "The discovery that intellectuals can construct social identities should not be exaggerated. . . . [I]t is important to remember that the exercise of this type of ideological power is rare. . . . More important, normative cohesion is, given social complexity, almost certain to be incomplete"; Hall, "Ideas and the Social Sciences," in Goldstein and Keohane (fn. 52), 53.

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ceptions such as in St. Petersburg), thereby increasing the cost of political reinforcement.

In Russia the loss of an empire and an ideology left the Russian identity in tatters; hence the establishment of undeniably Western structures—without developing an alternative ideological legitimating mechanism—could easily have been portrayed as one more blow to the Russian sense of place in the world. While an ideological campaign in Russia based largely on Western liberalism most likely could not have enabled liberal reformers to avoid transferring a vast amount of shares to employees and the former industrial *nomenklatura*, especially given its high cost in terms of human effort and skill, there is no reason to preclude the possibility of a differently designed, ideological reinforcing mechanism being effective. The liberal ideas that underpinned the reformers' privatization program could have been repackaged to appeal to the dominant culture—still avoiding a Western connotation but appealing instead to the Russian desire to be seen as part of the "civilized" world—a word that reverberates throughout Russian popular discourse.

Concluding Thoughts and Theoretical Applications

Throughout much of this article the prevailing ideological context within a country at a specific historical juncture could potentially be described in cultural or, more narrowly, in *political-culture* terms, if it were not for one crucial aspect. Namely, "political culture" traditionally connotes a deep-rooted persistence of behavioral patterns. Although the literature on political culture is extensive and diverse, political culture is typically understood in relatively static terms.[59] Some even imply that a country's political culture is essentially immutable.[60] Characteristic of this approach, the historian Richard Pipes contends in reference to Russia that political culture changes as slowly as language.[61]

Political cultures have often been understood as resistant to change ever since Gabriel Almond and Sydney Verba popularized the term in

[59] On the culture-ideology distinction as representing the stasis-change dichotomy in the work of Clifford Geertz, Ann Swidler, and others, see Rhys Williams, "Religion as a Political Resource: Culture or Ideology?" *Journal for the Scientific Study of Religion* 35 (December 1996).

[60] For an analysis of political culture as the product of the protracted historical accumulation of practices and meanings, see Thomas Hansen, *The Saffron Wave: Democracy and Hindu Nationalism in Modern India* (Princeton: Princeton University Press, 1999), 27.

[61] Pipes writes: "Political Culture, shaped by a nation's historic experience, enters the nation's bloodstream and changes as slowly and reluctantly as does language or customs"; Richard Pipes, "The Communist System," in Dallin and Lapidus, eds., *The Soviet System in Crisis* (Boulder, Colo.: Westview Press, 1991), 18.

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the early 1960s in their study on the determinants of democracy.[62] In discussing the type of political culture essential for democratic development, Almond and Verba emphasize that a "civic culture" in democratic polities takes centuries to develop.[63] Political culture develops through the fusion of attitudinal and behavioral orientations: new patterns cannot replace old patterns, they can merely *fuse with existing patterns*. Thus, while a political culture favorable to democracy can be encouraged through the creation of voluntary organizations, socializing agencies, or the mass education system, the transformation is necessarily a protracted one.

The emphasis on the *persistence* of a political culture has invited substantial criticism. For instance, Philippe Schmitter and Terry Karl emphasize the limitations of relying on a state's political culture to explain political phenomena. In discussing the necessity of the existence of a civic culture (or "ingrained habits of tolerance, moderation, mutual respect . . . or trust in public authorities") for democracy to take hold, Karl and Schmitter write, "Waiting for such habits to sink deep and lasting roots implies a very slow process of regime consolidation . . . and would probably condemn most contemporary experiences *ex hypothesi* to failure."[64] Criticized on many fronts, the concept has been described by David Laitin, a prominent contributor to the debate, as having been in the "professional doghouse" for years.[65]

Although many political scientists have sought to revive the concept of political culture along new lines, the term often maintains the static connotation of historical rootedness and persistence in the face of change in a way that does not hold for ideology-based variables.[66] Analyzing a specific context in ideological rather than cultural terms allows a larger role for leadership and implies much greater dynamism. Thus, while external shocks, systemic crises, or even charismatic leaders could profoundly affect the salience of competing ideologies, they would not

[62] Gabriel Almond and Sidney Verba, *The Civic Culture* (Boston: Little, Brown, 1964).

[63] Ibid., 500.

[64] Schmitter and Karl, "What Democracy Is and Is Not," *Journal of Democracy* 2 (Summer 1991), 83–84.

[65] See Laitin, "Compliance Ideologies: Rethinking Political Culture," *American Political Science Review* 89 (March 1995).

[66] On the revival of the study of political culture in the second half of the 1980s, see Ronald Inglehart, "The Renaissance of Political Culture," *American Political Science Review* 82 (December 1988). More recently, see Richard Wilson, *Compliance Ideologies: Rethinking Political Culture* (New York: Cambridge University Press, 1992), as well as Laitin's analysis of political culture in Laitin (fn. 65), 168. Additionally, see Larry Diamond, *Political Culture and Democracy in Developing Countries* (Boulder, Colo.: Lynne Rienner, 1994), especially the introductory chapter. On Eastern Europe, see Vladimir Tismaneanu, ed., *Political Culture and Civil Society in Russia and the New States of Eurasia* (Armonk, N.Y.: M. E. Sharpe, 1995).

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lead to the rapid *abandonment* of a nation's political culture. Hence, the choice to focus on ideology over culture in this article is predicated on the understanding that ideas and ideologies are more readily subscribed to and, by extension, more easily abandoned than political culture.

Studying the ideological context, however, does not entirely evade the problems associated with studying nonmaterial determinants of political change and certainly the term "ideology" carries so much baggage that many scholars prefer to avoid it altogether. To cope with some of these problems, this article uses a narrow definition of ideology, as discussed above. It also considers the ideological context identifiable only when a particular ideology finds formal expression in public debates *and* in tangible institutions. For instance, "anticommunism" as an ideology is manifested not only in popular and political discourse but also in formal lustration (screening) laws and restitution laws; likewise, not only is "pro-Europeanism" as an ideology represented and repeated in public speech and opinion survey data,[67] but it is also institutionalized in the formal project to join the European Union.

One issue that arises, however, in describing the choice of a privatization strategy as ideologically driven rather than culturally driven is whether all relevant actors, or even key actors, must genuinely subscribe to that ideology for it to be determinative. Joseph Schull and others who study ideology in linguistic terms contend that the subscribers to a shared ideology need not (and typically do not) share identical beliefs.[68] Moreover, Schull maintains that the intensity of belief is not the most important measure of the power of an ideology. The determinative power of an ideology rests upon the constraints it places on political debates and the consideration and articulation of alternatives. Thus, in this counterintuitive but compelling argument, Schull contends that the power of an ideology should not be measured by the sincerity of its advocates (since methodologically this is impossible to gauge) but by the commitment to the ideology as revealed consistently in speech and behavior.[69]

[67] Public attitudes in East European countries toward Western Europe can be found in the *Central and Eastern Eurobarometer*, nos. 1–6 (Brussels: European Commission, 1990–96).

[68] On the "unwarranted assumptions about the uniformity of convictions" among members of an ideological group, see Schull, "What Is Ideology? Theoretical Problems and Lessons from Soviet-Type Societies," *Political Studies* 40 (December 1992), 728–31. Hansen (fn. 60) notes the tensions created by the "multiplicity of meanings inscribed in most ideological constructions. This tension may be expressed as the tension between the conceptual grammar of a discourse and the connotative domain within which it is articulated" (p. 25).

[69] Schull notes (fn. 68) that it would be mistaken to "put a premium on the genuineness of an agent's state beliefs" since "one's actions will be shaped by an ideology in so far as one must conform to its conventions"; one need not "believe in the ideology . . . one must be committed to it. The required attitude is respect, not faith." For this reason, Schull suggests that ideologies are better understood as a discourse rather than a belief system.

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Schull's approach is convenient, since it is nearly impossible to prove that leaders are sincere in their professed beliefs whereas one can measure consistency of action. However, this is nevertheless problematic since in the same way that the public statements of leaders expressing their ideological motivation cannot necessarily be taken at face value, the individual digressions from a professed belief system cannot necessarily serve as evidence of insincerity. Leaders may at times exploit ideologies for hidden purposes, and by the same token, they may compromise the personal beliefs they genuinely hold. Thus, if the term *ideology* becomes too distant from the concept of *individually held beliefs,* then another term can and should be employed to describe the phenomenon—as Schull himself recommends (and in his case the term recommended is discourse).[70] Hence throughout this article, the professed liberal economic beliefs of Klaus, Chubais, and others are understood as genuine, even if not always consistently applied to policy.

In this regard, ideological studies share some of the methodological challenges associated with cultural studies. Most notably both raise the necessity of identifying a given ideological context through rich descriptive interpretive analysis rather than through quantifiable, reproducible measurement. Despite this difficulty and the inherent subjectivity of doing so, the importance of ideology—even on an intuitive level—requires that the interpretive effort be made.

Ideology and Explanation

Given the importance of ideological factors for the development of property rights systems, why have they received so little attention in the property rights literature? In part, the answer to this question lies in the methodological foundation of property rights theory. Pioneers of property rights analysis such as Harold Demsetz and Douglass North based their theoretical approach in large part upon the techniques and the central assumptions of the dominant paradigm in economics, which emphasized the importance of material conditions and the rational calculation of interests for explaining material outcomes.[71] Although North currently acknowledges the centrality of ideology in the development of economic institutions, it is his earlier approach (in which ideas are justifications of economic interests) that inspired the future course of property rights analysis.[72]

[70] In fact, this is precisely what Schull (fn. 68) recommends, that the term "ideology" be replaced with the term "discourse" in instances where an ideas system is not actually "believed in" but constrains the policy debate nonetheless.

[71] Demsetz (fn. 5); and North (fn. 5).

[72] North (fn. 13).

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Later analyses of property rights formation by political economists, such as Gary Libecap, William Riker, Itai Sened, and David Weimer, took the property rights literature in a new direction.[73] Incorporating political power and interests into their explanations, political economists developed models to show that property rights emerge from the efforts of key individuals to amass not only material resources but also political power. Yet by focusing on leaders' "utility maximization" (in general terms) rather than on their "wealth maximization" (in a narrow material sense), political economists extended the property rights literature without breaking with the foundations of its earlier contributions.

The lack of attention given to ideological factors is hardly unique to property rights theory. It is also characteristic of much of the literature in political economy because the dominant methodological approach is built upon rational choice foundations. In recent years, however, a group of political theorists has brought renewed interest to studying the generative power of ideas and to reconsidering the ideological and cognitive components of policy-making and regime change. This literature, at times referred to as the "ideas literature," focuses on areas as diverse as the introduction of the developmentalist model in Latin America, Keynesian economics in Western Europe, and the free trade regime in the United States, in order to develop generalizable theories about how ideas affect the introduction of new economic paradigms.[74] The contributors to this literature help to fill the gap left by mainstream social science theory, which, like property rights theory, rests upon rational choice foundation and thus typically offers a simplified rendering of preference formation and human rationality. The goal of the present article on property rights, like many other studies in the ideas literature, is to complement and further refine interest-based approaches by analyzing interest perception and interest specification as ideological events.[75]

[73] Riker and Sened (fn. 5); Riker and Weimer (fn. 5); Libecap (fn. 5); Eggertsson (fn. 5).

[74] The theorists included among the contributors to the ideas literature (e.g., Kathryn Sikkink, Peter Hall, Judith Goldstein, Robert Keohane, John Odell, G. John Ikenberry, Jeffrey Checkel) help to identify the social and structural mechanisms through which ideas as shared beliefs affect the creation and persistence of new policy projects, political paradigms, and regimes. In contrast to analytical approaches based upon cognitive psychology, the ideas of individuals are important in the ideas literature only inasmuch as they relate to a large community holding the same beliefs. See two review articles focusing on the ideas literature and related literatures: Jacobsen (fn. 57); and Albert Yee, "The Causal Effects of Ideas on Policies," *International Organization* 50 (Winter 1996).

[75] See Judith Goldstein, "The Impact of Ideas on Trade Policy: The Origins of U.S. Agricultural and Manufacturing Policies," *International Organization* 43 (Winter 1989), 32–34; Ikenberry (fn. 52), 59; Robert Jackson, "The Weight of Ideas in Decolonization: Normative Change and International Relations," in Goldstein and Keohane (fn. 52), 112–13.

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A greater focus on ideas would enhance many other bodies of theory in political economy. For instance, an explicit treatment of ideas would also contribute to the literature on structural adjustment—a literature that examines the ability of governments to implement the liberal economic policies promoted or required by international financial institutions such as the International Monetary Fund and the World Bank. Some attention is paid in this literature to the ideological orientation of economic reformers and the culture of the bureaucracy; the delegitimization or discrediting of interest groups; and leaders' understanding of, and interaction with, transnational academic and cosmopolitan advisory communities.[76] Frequently, however, a greater emphasis is placed on nonideological structural factors, such as the insulation of technocrats, or on links to powerful economic groups in society.[77]

Additionally, an inclusion of ideological factors would also enhance our understanding of the implementation of political regimes, such as the human rights regime, as some contributors to the ideas literature have already begun to explore.[78] Even the study of security regimes has recently been enriched by considering nonmaterial ideological variables.[79] Certainly, some of the parsimony of generalizable theories is lost by including nonmaterial variables. However, many of the gaps in our understanding of political and economic phenomena, which become especially apparent during comparative study, are narrowed through a greater appreciation of the role of ideology.

[76] On the culture of bureaucracy, see Byung Chol Koh, *Japan's Administrative Elite* (Berkeley: University of California Press, 1989); on "cosmopolitanness," see Thomas Callaghy, "Vision and Politics in the Transformation of the Global Political Economy: Lessons from the Second and Third Worlds," in Robert Slater, Barry Schultz, and Steven Dorr, eds., *Global Transformation and the Third World* (Boulder, Colo.: Lynne Rienner, 1993). On interest-group legitimacy, see Joan M. Nelson, "The Politics of Economic Transformation: Is Third World Experience Relevant in Eastern Europe?" *World Politics* 45 (April 1993).

[77] On the insulation of elites, see Stephen Haggard and Robert Kaufman, eds., *The Politics of Adjustment: International Constraints, Distributive Conflicts, and the State* (Princeton: Princeton University Press, 1992), introduction. On networks between the state and economic groups, see Peter Evans, "The State as Problem and Solution: Predation, Embedded Autonomy, and Structural Change," in Haggard and Kaufman.

[78] See Kathryn Sikkink, in Goldstein and Keohane (fn. 52), chap. 6.

[79] Peter Katzenstein, *Cultural Norms and National Security* (Ithaca, N.Y.: Cornell University Press, 1996).

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Review Articles

WHAT'S SO DIFFERENT ABOUT A COUNTERFACTUAL?

By RICHARD NED LEBOW*

Niall Ferguson, ed. *Virtual History: Alternatives and Counterfactuals*. New York: Basic Books, 1999, 500 pp.

Niall Ferguson. *The Pity of War: Explaining World War I*. New York: Basic Books, 1999, 563 pp.

BECAUSE the siege of Troy was proving difficult, the frustrated Argives went down to their ships to sail for home. According to Homer, "A homecoming beyond fate might have been accomplished, had not Hera spoken a word to Athene." The grey-eyed Athena sped down the peak of Olympus and instructed Odysseus to prevent the departure of the Argives, which he did.[1] The drama of the *Iliad* rests on a counterfactual, as do many other great works of literature. Counterfactuals are also taken seriously in the physical and biological sciences, where researchers routinely use them to develop and evaluate sophisticated, nonlinear models.[2] They have been used with telling effect in American politics, and other political scientists could greatly benefit from wider use of this useful research tool.[3] But for most members of

* I would like to thank Richard Hamilton, Richard Herrmann, Edward Ingram, Friedrich V. Kratochwill, Eli Bohmer Lebow, Geoffrey Parker, Janice Gross Stein, and Philip E. Tetlock for their helpful comments.

[1] *The Iliad of Homer*, trans. Richard Lattimore (Chicago: University of Chicago Press, 1951), bk. 2, lines 135–210.

[2] There are numerous examples from physics. On using information from nonevents to test nuclear weapons, see R. Penrose, *Shadows of the Mind: A Search for the Missing Science of Consciousness* (Oxford: Oxford University Press, 1994); and A. C. Elitzur and L. Vaidman, "Quantum-Mechanical Interaction-Free Measurement," *Foundations of Physics* 23, no. 7 (1993), 987–97. On using interaction-free measurements with a test particle to determine the presence of an object, see G. Kwiat et al., "Interaction Free Measurements," *Physics Review Letters* 74, no. 12 (June 12, 1995), 4763–66. And on counterfactual computation, see Graeme Mitchison and Richard Josza, "Counterfactual Computation," *Quantum-Ph/9907007* (July 2, 1999).

[3] Electoral studies are a case in point. See Raymond E. Wolfinger and Benjamin Highton, "Can More Efficient Purging Boost Turnout" (Paper presented at the annual meeting of the American

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our profession counterfactual arguments appear to have no scientific standing. They are flights of fancy, fun over a beer or two in the faculty club, but not the stuff of serious research.[4]

I begin my essay with the proposition that the difference between so-called factual and counterfactual arguments is greatly exaggerated; it is one of degree, not of kind. I go on to discuss three generic uses of counterfactual arguments and thought experiments. In the process, I distinguish between "miracle" and "plausible" world counterfactuals and identify the uses to which each is suited. I critique two recent historical works that make extensive use of counterfactuals and contend that they are seriously deficient in method and argument. I then review the criteria for counterfactual experimentation proposed by social scientists who have addressed this problem and find many of their criteria unrealistic and overly restrictive. The methods of counterfactual experimentation need to be commensurate with the purposes for which they are used, and I conclude by proposing eight criteria I believe appropriate to plausible-world counterfactuals.

Counterfactuals versus Factuals

Counterfactuals are "what if" statements, usually about the past. Counterfactual experiments vary attributes of context or the presence or value of variables and analyze how these changes would have affected outcomes. In history and political science these outcomes are always uncertain because we can neither predict the future nor rerun the tape of history.

The speculative nature of counterfactuals makes many scholars wary of them. But counterfactual analysis is not always based solely on speculation. In the aftermath of the arrest of Aldrich Ames as a Soviet spy, the Central Intelligence Agency convened a team of counterintelli-

Political Science Association, New York, 1994); Ruy A. Teixeira, *The Disappearing American Voter* (Washington, D.C.: Brookings Institution, 1992); Steven J. Rosenstone and John Mark Hansen, *Mobilization, Participation, and Democracy in America* (New York: Macmillan, 1993); Richard J. Timpone, "Past History Reverses: Counterfactuals and the Impact of Registration Reform on Participation and Representation" (Manuscript, 1999).

[4] According to A. J. P. Taylor, "A historian should never deal in speculation about what did not happen." See Taylor, *The Struggle for the Mastery in Europe, 1848–1918* (London: Oxford University Press, 1954); E. H. Carr, *What Is History?* (London: Macmillan, 1961), 127; E. P. Thompson, *The Poverty of Theory and Other Essays* (New York: Monthly Review Press, 1978), 300. M. M. Postan writes: "The might-have beens of history are not a profitable subject of discussion"; quoted in J. D. Gould, "Hypothetical History," *Economic History Review*, 2d ser., 22 (August 1969), 195–207. See also David Hackett Fischer, *Historians' Fallacies* (New York: Harper Colophon Books, 1970), 15–21; Peter McClelland, *Causal Explanation and Model-Building in History, Economics, and the New Economic History* (Ithaca, N.Y.: Cornell University Press, 1975).

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gence experts to figure out how he might have been unmasked earlier. The team imagined a series of procedures that might have been in place and asked which, if any of them, might have tripped up Ames. Using their extensive knowledge of Ames's personality, motives, and behavior and of the modus operandi of his Soviet spymasters, they were able to conduct their inquiry with some degree of precision.[5] And in New York City authorities only recently prepared for the possibility of widespread Y2K computer failures by running tests of the ability of city agencies to respond to a complex emergency. Officials were confident that such breakdowns would not occur, but they used the opportunity to consider the scenarios as "future counterfactuals" to gather useful data.[6] The controversy surrounding the strategy of deterrence provides an example of the use of counterfactuals in international relations. One of the principal policy lessons of the 1930s was that appeasement whets the appetites of dictators while military capability and resolve restrains them. The failure of Anglo-French efforts to appease Hitler is well established, but the putative efficacy of deterrence rests on the counterfactual that Hitler *could* have been restrained *if* France and Britain had demonstrated willingness to go to war in defense of the European territorial status quo. German documents make this an eminently researchable question, and historians have used these documents to try to determine at what point Hitler could no longer be deterred.[7] Their findings have important implications for the historical assessment of French and British policy and for the strategy of deterrence.

The Cuban missile crisis is an evidence-rich environment in which counterfactuals drove policy and have since been subjected to testing. Nikita Khrushchev's decision to send missiles to Cuba and then to remove them and Kennedy's decision to impose a blockade were contingent upon hypothetical antecedents. Kennedy believed—incorrectly—that Khrushchev sent missiles to Cuba because he doubted the president's resolve and that he would not have done so had Kennedy taken a stronger stand at the Bay of Pigs or in Berlin. Kennedy reasoned that he had to compel Khrushchev to remove the missiles to convince him of his resolve and to deter a subsequent and more serious Soviet challenge to the Western position in Berlin. Evidence from Soviet and American archives and interviews with former officials make

[5] Private communication to the author.

[6] *New York Times*, November 27, 1999, A1.

[7] Yuen Foong Khong, "Confronting Hitler and Its Consequences," in Philip E. Tetlock and Aaron Belkin, eds., *Counterfactual Thought Experiments in World Politics: Logical, Methodological, and Psychological Perspectives* (Princeton: Princeton University Press, 1996).

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it possible to explore the validity of most of these counterfactuals and thus to evaluate the choices of Soviet and American leaders and the subsequent scholarly analyses of the crisis.[8]

Quantitative counterfactual analysis is another possibility. Jay Winter exploits counterfactual projections of mortality rates based on prewar data from Prudential Life Insurance policies to determine the age structure of British war losses. He combines data from the life tables for 1913 and 1915 in roughly two to one proportions, as the war did not begin until August 1914, to create a counterfactual table for 1914. On the basis of the prior decade, he then calculates what the life tables would have been for the period 1914–18 in the absence of war. By comparing the actual death rates in each age group with the counterfactual estimates, he is able to determine the death rates of five-year cohorts for each year of the war.[9]

Even when evidence is meager or absent, the difference between counterfactual and "factual" history may still be marginal. Documents are rarely smoking guns that allow researchers to establish motives or causes beyond a reasonable doubt. Actors only occasionally leave evidence about their motives, and historians rarely accept such testimony at face value. More often historians infer motives from what they know about actors' personalities and goals, their past behavior, and the constraints under which they operated. In his highly acclaimed study of the Peloponnesian War, Donald Kagan argues that Pericles wanted to ally with Corcyra in the expectation that it would deter Sparta from coming to the aid of Corinth. If deterrence failed, Athens, protected by its city walls and the long walls to its harbor at Piraeus, would refuse to engage the main body of Spartan forces even if they invaded Attica and laid waste its olive groves and vineyards. After the Spartans experienced a few years of frustration, Pericles expected them to recognize the futility of waging war against Athens. Further, he thought that the peace faction, led by King Archidamus, would regain power and that the two hegemons would reach a more lasting accommodation.[10] The purpose of this purely speculative scenario is to explain away behavior that otherwise appears unenlightened and warlike.

The problem of motive is not unique to ancient history, where sources are notoriously meager. Janice Gross Stein and I spent several

[8] Richard Ned Lebow and Janice Gross Stein, "Back to the Past: Counterfactuals and the Cuban Missile Crisis," in Tetlock and Belkin (fn. 7).

[9] Winter, *The Great War and the British People* (London: Macmillan, 1986), 76–83.

[10] Kagan, *The Outbreak of the Peloponnesian War* (Ithaca, N.Y.: Cornell University Press, 1969), 203–342.

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years researching a book on cold war crises. We scoured archives in four countries, utilized documents collected or declassified by other researchers, and conducted extensive interviews with former American, Soviet, Israeli, and Egyptian policymakers. We accumulated a mass of relevant information but still had no hard evidence about the motives for some of the key decisions made by Kennedy and Khrushchev. We suspect that Khrushchev was never clear in his own mind about the relative importance of the several goals that made a missile deployment in Cuba attractive to him. Given the delicate nature of many crisis decisions, neither leader was willing to share his goals and reasoning with even his most intimate advisers. Khrushchev further complicated the picture by telling various officials what they wanted to hear and thus what he thought was most likely to garner their support.[11]

When we move from the level of analysis of individual actors to small groups, elites, societies, states, and regional and international systems, the balance between evidence and inference shifts decisively in the direction of the latter. Structural arguments assume that behavior is a response to the constraints and opportunities generated by a set of domestic or international conditions. Mark Elvin's elegant study of China starts from the premise that empires expand to the point at which their technological superiority over their neighbors is approximately counterbalanced by the burdens of size. At this equilibrium, imperial social institutions come under constant strain because of the high relative cost of security. Harsh taxation impoverishes peasant cultivators and leads to falling tax revenues. The ensuing decline in the number of free subjects makes military recruitment more difficult, forcing governments to rely instead on barbarian auxiliaries, even for their main fighting forces. To save money, governments also give up active defense policies and try to keep hostile barbarians at bay through diplomacy, bribery, and settlement on imperial lands. The inevitable outcome is a weakened economic base, barbarization from within, and finally partial or total collapse of the empire.[12] Elvin musters considerable evidence in support of his thesis, much of it from primary sources, but it is all by way of illustration. Nowhere is he able to show that Chinese leaders adopted any of the policies he describes for any of the reasons he attributes to them.

For the most part, then, structural arguments are built on a chain of inference that uses behavioral "principles" as anchor points. Empirical evidence, when available, may be exploited to suggest links between

[11] Lebow and Stein, *We All Lost the Cold War* (Princeton: Princeton University Press, 1994).

[12] Elvin, *The Pattern of the Chinese Past: A Social and Economic Interpretation* (Stanford, Calif.: Stanford University Press, 1973).

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these principles and behavior. But even in the best of cases these links are indirect and presumptive and can be corroborated only obliquely and incompletely. Readers evaluate these arguments on the seeming "reasonableness" of the inferences drawn, the quality and relevance of the evidence offered in support, and the extent to which that evidence permits or constrains alternative interpretations. Receptivity to arguments is significantly influenced by the appeal of the underlying political and behavioral "principles" in which the inferences are rooted. When these "principles" run counter to the reigning orthodoxy, the arguments may be dismissed out of hand regardless of the evidence.

Good counterfactual thought experiments differ little from "factual" modes of historical reconstruction. If we attempt to evaluate the importance of Mikhail Gorbachev for the end of the cold war by considering the likely consequences of Chernenko being succeeded by someone else, we need to study the career and policies of other possible successors (for example, Grishin, Romanov, Ligachev) and infer their policies on the basis of their past preferences and commitments, the political environment in 1985, and the general domestic and foreign situation of the Soviet Union.[13] There is a lot of evidence about all three questions, evidence that sustains informed arguments about the kind of domestic and foreign policies these leaders might have pursued. Admittedly, unexpected events, like Mathias Rust's Cessna flight to Red Square in May 1987, which Gorbachev exploited to purge the military of many hard-liners, can also have significant influence on policy.

The difference between factual and counterfactual arguments is further blurred when we recognize that, as in the Cuban missile crisis, we often need to understand the factual *and* counterfactual beliefs of historical actors to account for their behavior. In the missile crisis beliefs shaped arguments: in the absence of compelling evidence, the beliefs of officials determined the motives they attributed to Khrushchev for deploying Soviet missiles in Cuba, their estimates of the cost calculations and political conflicts they assumed to being taking place in Moscow, and the likely Soviet responses to a blockade, air strike, or invasion. Some of these beliefs took the form of conditional expectations, and with the passage of time they became historical counterfactuals.

[13] See George Breslauer and Richard Ned Lebow, "Leadership and the End of the Cold War: A Counterfactual Thought Experiment," in Richard Herrmann and Richard Ned Lebow, eds., *Learning from the Cold War* (forthcoming). The authors identify leaders other than Gorbachev, Reagan, and Bush who might have come to power in the Soviet Union and the United States and play out the resulting interaction. They find that different strategies or tactics by either superpower or their allies could have speeded up, slowed down, altered, or derailed the process of accommodation that led to the end of the cold war in 1990–91.

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Counterfactuals are frequently smuggled into so-called factual narratives. E. H. Carr, no friend of counterfactuals, did this in his treatment of the Soviet Union when he insisted that the Bolshevik Revolution was highjacked by Stalin. The implication is that socialism would have developed differently without him.[14] After Cuba, former Kennedy administration officials and many scholars maintained that Khrushchev would not have deployed missiles in Cuba if Kennedy had been more decisive at the Bay of Pigs, at the Vienna summit, and in Berlin. There was no evidence to support this interpretation, but it became the conventional wisdom and helped to shape a host of subsequent policy decisions, including the disastrous intervention in Vietnam. The evidence that came to light in the Gorbachev era suggested, to the contrary, that Khrushchev decided to send missiles secretly to Cuba because he *overestimated* Kennedy's resolve. He feared that Kennedy, preparing to invade Cuba, would send the American navy to stop any ships carrying missiles to Cuba to deter that invasion.[15] Counterfactual arguments, like any historical argument, are only as compelling as the logic and "evidence" offered by the researcher to substantiate the links between the hypothesized antecedent and its expected consequences. Every good counterfactual thus rests on multiple factuals, just as every factual rests on counterfactual assumptions—and these assumptions too often go unexamined.

Any sharp distinction between factuals and counterfactuals rests on questionable ontological claims. Many of the scholars who dismiss counterfactual arguments do so because they do not believe they are based on facts. Philosophers have long recognized that "facts" are social constructions. They do not deny that reality exists quite independent of any attempt to understand it by human beings or that some understandings may transcend culture. Physical scientists may be correct in their claims that fundamental concepts like mass, volume, and temperature are essential to the study of nature and that extraterrestrial scientists would have to possess the same concepts to understand the universe. This is not true of social concepts, which vary across and within human cultures. There are many ways of describing social interactions, and the choice and utility of concepts depend largely on the purpose of the "knower."[16]

"Temperature" is undeniably a social construction, but it is a measure of something observable and real: changes in the energy levels of mol-

[14] Carr, *Socialism in One Country, 1924–1926* (New York: Macmillan, 1958–1964), 1:151.
[15] Lebow and Stein (fn. 11) review this argument and the new evidence (chap. 4).
[16] John R. Searle, *The Construction of Social Reality* (New York: Free Press, 1995).

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ecules. Social and political concepts do not describe anything so concrete. There is no such thing as a balance of power, a social class, or a tolerant society. Social "facts" are reflections of the concepts we use to describe social reality, not of reality itself. They are ideational and subjective, and even the existence of "precise" measures for them—something we have only rarely—would not make them any less arbitrary. For, as Quine has shown, theoretical concepts insinuate themselves into the "data language" of even the hardest sciences.[17] The construction of "factual" history is therefore entirely imaginary, and its only claim to privilege is that the concepts and categories in terms of which it is constructed tell us something useful or interesting about the social world. The same is true for counterfactual history.

Counterfactuals can be used experimentally to substantiate Quine's claim that there is no conceptually neutral data language. Tetlock and Lebow asked a group of foreign policy experts to assess the contingency of the outcome of the Cuban missile crisis. One of their experiments used a "factual framing" of the question (at what point did some form of peaceful resolution of the Cuban missile crisis become inevitable?) and a counterfactual framing (at what point did all alternative, more violent outcomes become impossible?). From a logical point of view, the two questions are strictly complementary. Knowing the answer to either question, we should be able to deduce the answer to the other. Even though these two measures were obtained almost side by side in our questionnaire, the factual versus counterfactual framings of the historical question elicited systematically different responses, not just random variation that could be attributed to fatigue or boredom. Experts perceived substantially more contingency when they reflected on the counterfactually framed question. This is a good empirical demonstration of the importance of the benchmark against which the outcome is compared and offers support for the constructivist claim that how we pose "purely empirical" questions systematically shapes the answers we find.[18]

Why Counterfactuals?

Counterfactuals can combat the deeply rooted human propensity to see the future as more contingent than the past, reveal contradictions in our

[17] Donald Davidson and Jaakko Hintikka, eds., *Words and Objection: Essays on the Work of W. V. Quine* (Dordrecht: D. Reidel, 1969).

[18] Philip E. Tetlock, "Close-Call Counterfactuals and Belief System Defense: I Was Not Almost Wrong but I Was Almost Right," *Journal of Personality and Social Psychology* 75 (September 1998), 639–52.

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belief systems, and highlight double standards in our moral judgments. Counterfactuals are an essential ingredient of scholarship. They help determine the research questions we deem important and the answers we find to them. They are also necessary to evaluate the political, economic, and moral benefits of real-world outcomes. These evaluations in turn help drive future research.

Receptivity to Contingency

International relations theorists seek to understand the driving forces behind events; they usually do so after the fact, when the outcome is known. The process of backward reasoning tends to privilege theories that rely on a few key variables to account for the forces allegedly responsible for the outcomes in question. For the sake of theoretical parsimony, the discipline generally favors independent variables that are structural in nature (for example, balance of power, state structure, size and nature of a coalition). The theory-building endeavor has a strong bias toward deterministic explanations and on the whole downplays understandings of outcomes as the products of complex, conjunctional causality.[19] A recent survey of international relations specialists revealed that those scholars who were most inclined to accept the validity of theories (for example, power transition, nuclear deterrence) and theory building as a scholarly goal were the most emphatically dismissive of plausible-world counterfactuals. They were also most likely to invoke second-order counterfactuals to get developments diverted by counterfactuals back on the track.[20]

In retrospect, almost any outcome can be squared with any theory unless the theory is rigorously specified. The latter requirement is rarely met in the field of international relations, and its deleterious effect is readily observed in the ongoing debate over the end of the cold war. Various scholars, none of whose theories predicted a peaceful end to that conflict, now assert that this was a nearly inevitable corollary of their respective theories.[21] We observe a similar phenomenon in studies of Middle Eastern politics. Developments that seemed almost unthinkable before they happened—Sadat's trip to Jerusalem, the Pales-

[19] On conjunctional causality, see Charles C. Ragin, *The Comparative Method: Moving beyond Qualitative and Quantitative Strategies* (Berkeley: University of California Press, 1987).

[20] Tetlock and Lebow, "Poking Counterfactual Holes in Covering Laws: Alternative Histories of the Cuban Missile Crisis" (Manuscript, Mershon Center, Ohio State University, April 2000); on second-order counterfactuals, see Tetlock (fn. 18).

[21] William Wohlforth reviews this literature and criticizes realists for explaining ex post facto what none of them had predicted ex ante; see Wohlforth, "New Evidence on Moscow's Cold War: Ambiguity in Search of Theory," *Diplomatic History* 21 (Spring 1997).

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tinian-Israeli moves toward peace—are subsequently described as having been overdetermined by structural causes, particularly shifts in the relative balance of power.[22]

The disciplinary tendency to privilege structural explanations is reinforced by the "certainty of hindsight bias."[23] Baruch Fischoff has demonstrated that "outcome knowledge" affects our understanding of the past by making it difficult for us to recall that we were once unsure about what was going to happen. Events deemed improbable by experts (for example, peace between Egypt and Israel, the end of the cold war) are often considered "overdetermined" and all but inevitable after they have occurred.[24] By tracing the path that appears to have led to a known outcome, we diminish our sensitivity to alternative paths and outcomes. We may fail to recognize the uncertainty under which actors operated and the possibility that they could have made different choices that might have led to different outcomes.

Many psychologists regard the certainty-of-hindsight effect as deeply rooted and difficult to overcome. But the experimental literature suggests that counterfactual intervention can assist people in retrieving and making explicit their massive but largely latent uncertainty about historical junctures, that is, to recognize that they once thought, perhaps correctly, that events could easily have taken a different turn. The proposed correctives use one cognitive bias to reduce the effect of another. Ross et al. exploited the tendency of people to inflate the perceived likelihood of vivid scenarios to make them more responsive to contingency. People who were presented with scenarios describing possible life histories of post-therapy patients evaluated these possibilities as more likely than did members of the control group who were not given the scenarios. This effect persisted even when all the participants in the experiment were told that the post-therapy scenarios were entirely hypothetical.[25] Philip E. Tetlock and the author conducted a

[22] Steven Weber, "Prediction and the Middle East Peace Process," *Security Studies* 6 (Summer 1997), 196.

[23] This point is also made by Philip E. Tetlock and Aaron Belkin, "Counterfactual Thought Experiments in World Politics: Logical, Methodological, and Psychological Perspectives," in Tetlock and Belkin (fn. 7), 15–16.

[24] Baruch Fischoff, "Hindsight Is Not Equal to Foresight: The Effect of Outcome Knowledge on Judgment under Uncertainty," *Journal of Experimental Psychology: Human Perception and Performance* 1, no. 2 (1975), 288–99; S. A. Hawkins and R. Hastie, "Hindsight: Biased Judgments of Past Events after the Outcomes Are Known," *Psychological Bulletin* 107, no. 3 (1990), 311–27. The tendency was earlier referred to as "retrospective determinism" in comparative-historical studies by Reinhard Bendix, *Nation-Building and Citizenship* (New York: Wiley, 1964).

[25] L. Ross et al., "Social Explanation and Social Expectation: Effects of Real and Hypothetical Explanations on Subjective Likelihood," *Journal of Personality and Social Psychology* 35 (November 1977), 817–29.

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series of experiments to test the extent to which counterfactual unpacking leads foreign policy experts to upgrade the contingency of international crises. In the first experiment one group of experts was asked to assess the inevitability of the Cuban missile crisis. A second group was asked the same questions but was given three junctures at which the course of the crisis might have taken a different turn. A third group was given the same three junctures and, in addition, three arguments for why each of them was plausible. Judgments of contingency varied in proportion to the degree of counterfactual unpacking.[26] There is every reason to expect that scholars exposed to counterfactuals and, better yet, forced to grapple with their theoretical consequences will also become more open to the role of contingency in key decisions and events.

Framing Research

Research questions arise when events strike us as interesting or anomalous. To conceive of an event as anomalous we need a benchmark against which the outcome in question can be compared. Benchmarks can sometimes be derived from well-established laws or statistical generalizations: cold fusion, for example, would have been contrary to several of these laws and thus a truly anomalous event. There are few laws or statistical generalizations applicable to politics, but we hold to theories about how the political world works. They give rise to expectations, and when they are unfulfilled, to counterfactual worlds. These alternative worlds may appear more probable than the actual state of affairs. During the cold war the preeminent question in the security field was the long peace between the superpowers. In international political economy it was the survival of the postwar international economic order in the face of America's decline as a hegemon. Some security specialists considered it remarkable that the superpowers, unlike rival hegemons of the past, had avoided war. Some political economists were equally surprised that neither Germany nor Japan had sought to restructure international economic relations to their advantage in response to the apparent decline of the United States as hegemon.[27] Both

[26] The first of these experiments, involving alternative outcomes for the Cuban missile crisis, is described in Tetlock and Lebow (fn. 20).

[27] Kenneth N. Waltz, *Theory of International Politics* (Reading, Mass.: Addison-Wesley, 1979); John Lewis Gaddis, *The Long Peace: Inquiries into the History of the Cold War Era* (New York: Oxford University Press, 1987); Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981), 232–33; Robert O. Keohane, *After Hegemony* (Princeton: Princeton University Press, 1984); Duncan Snidal, "The Limits of Hegemonic Stability Theory," *International Organization* 39 (Autumn 1985).

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research agendas assumed that the status quo was an extraordinary anomaly that required an equally extraordinary explanation. For researchers who started from different premises—who assumed that none of the major powers were so unhappy with the current state of affairs that they were willing to risk war or economic disruption to change it—the seeming robustness of the political and economic orders posed no intellectual puzzle.

Testing and Evaluation

Counterfactuals are fundamental to all theories and interpretations. If we hypothesize that x caused y, we assume that y would not have happened in the absence of x—ceteris paribus. Quantitative research attempts to get around this problem and around the contrapositive form of the fallacy of affirmation by constructing a sample of comparable cases large enough to contain adequate variation on dependent and independent variables.[28] James Fearon rightly observes that this strategy is effective only if there are no causes beyond those considered that vary systematically with the error term. To rule out this possibility, researchers need to pose the counterfactual of what would have happened if variables in the error term were altered. In actual experiments, this problem can only partially be solved by random assignment.[29] In case studies and historical narratives the problem is more pronounced because of the usual "loading up of explanatory variables."

Historians and case-study researchers typically attempt to establish causation by process tracing. They try to document the links between a stated cause and a given outcome in lieu of establishing a statistical correlation. This works best at the individual level of analysis but only when there is enough evidence to document the calculations and motives of actors. Even when such evidence is available, it may still not be possible to determine the relative weight of the several hypothesized causes and which of them, if any, might have produced the outcome in the absence of others or in combination with other causes not at work in the case. To sustain causal inference it is generally necessary to engage in comparative analysis. Within the single-case format comparative analysis can take two forms: intracase comparison and counterfactual analysis.

[28] Robyn M. Dawes, "Counterfactual Inferences as Instances of Statistical Inferences," in Tetlock and Belkin (fn. 7), 301–8. Strictly speaking it does not follow that if x then y; therefore, if not-x, then not-y, because factors other than x may also cause y.

[29] Fearon, "Causes and Counterfactuals in Social Science: Exploring an Analogy between Cellular Automata and Historical Processes," in Tetlock and Belkin (fn. 7).

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Intracase comparison breaks down a case into a series of similar interactions that are treated as separate and independent cases for purposes of analysis. Numerous studies of arms control and superpower crises have made use of this technique.[30] Like any form of comparative analysis, intracase comparisons try to show as much variation as possible on dependent (the *explanandum*) and independent (the *explanans*) variables. This is sometimes more difficult to do than in cross-case comparisons. The independence of cases is also more problematic, as the process and outcome of past decisions are likely to have considerable influence on subsequent decisions about similar issues. But intracase comparison confers a singular benefit: it builds variation within a fundamentally similar political and cultural context, controlling better than intercase comparison for many factors that may be important but are otherwise unrecognized. Unfortunately, not every case can be broken down into multiple decision points for purposes of comparison.

When intracase comparison is impossible, variation can be generated within a case by counterfactual experimentation. This latter strategy lies at the core of many simulations where variables are given a wide range of counterfactual values to determine the sensitivity of the outcome to changes in one or more of them. Counterfactual simulation can identity key variables and the range of values at which they will be have the most impact on the outcome. Information obtained this way, especially if it has counterintuitive implications, can guide subsequent empirical work intended to test the model or generate information necessary to make it a better representation of reality. Counterfactual simulation can test theories more directly. Thomas Cusack and Richard Stoll reviewed the realist literature to identify major shared assumptions among and the principal differences between contending interpretations. They formalized a model that would allow a computer-based simulation of some of these variants and focused their analysis on two issues of paramount importance to realists: state survival and system endurance. They found that the behavior realists prescribe as conducive to these ends (for example, maintaining large military forces, seeking to increase

[30] See, for example, Alexander L. George and Richard Smoke, *Deterrence in American Foreign Policy: Theory and Practice* (New York: Columbia University Press, 1974); Alexander L. George and William E. Simmons, eds., *The Limits of Coercive Diplomacy* (Boulder, Colo.: Westview, 1994); Ted Hopf, *Peripheral Visions: Deterrence Theory and American Foreign Policy, 1965–1990* (Ann Arbor: University of Michigan Press, 1994); Robert Jervis and Jack Snyder, eds., *Dominoes and Bandwagons: Strategic Beliefs and Great Power Competition in the Eurasian Rimland* (New York: Oxford University Press, 1991); Thomas Risse-Kappen, *Cooperation among Democracies: The European Influence on U.S. Foreign Policy* (Princeton: Princeton University Press, 1995).

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one's power though alliances, especially those aimed at balancing) did not necessarily enhance survival of individual units or the system as a whole.[31] Lars-Eric Cederman developed a more focused critique of realism. If balancing is the inevitable consequence of international anarchy, as neorealism contends, then it follows, he reasoned, that global hegemons should rarely emerge in real or counterfactual worlds. But Cederman found that they appear with regularity in counterfactual simulations, especially under conditions of defense dominance, the best case for neorealism.[32]

Counterfactual experiments and simulations can tease out the assumptions—often unarticulated—on which theories and historical interpretations rest.[33] Apologists for the Soviet system insist that communism would have evolved differently had Lenin lived longer or been succeeded by someone other than Stalin.[34] Attempts to address this question have not resolved the controversy but have compelled historians to be more explicit about the underlying assumptions that guide and sustain contending interpretations of Stalin and the nature of the Communist Party and the Soviet state. Those assumptions have now become the focus of controversy, and scholars have looked for evidence with which to evaluate them. This process has encouraged a more sophisticated historical debate.

Because every causal argument has its associated counterfactual, critics have available to them two generic strategies. They can offer a different and more compelling theory or interpretation—far and away the most common strategy—or they can show that the outcome in question would have happened in the absence of the hypothesized causes. John Mueller's study of the cold war is a nice example of the second strategy. In contrast to the conventional wisdom that attributes the long peace between the superpowers to nuclear deterrence, Mueller argues that Moscow and Washington were restrained by their general satisfaction with the status quo, by memories of World War II, and by the human, economic, and social costs of large-scale conventional warfare. He contends that the unheralded destructiveness of nuclear weapons

[31] Thomas R. Cusack and Richard J. Stoll, *Exploring Realpolitik: Probing International Relations Theory with Computer Simulation* (Boulder, Colo.: Lynne Rienner, 1990). Their evaluation was based on earlier work by Stuart A. Bremer and Michale Mihalka, "Machiavelli in Machina: Or Politics among Hexagons," in Karl W. Deutsch, ed., *Problems of Modeling* (Boston: Ballinger, 1977).

[32] Cederman, "Rerunning History: Counterfactual Simulation in World Politics," in Tetlock and Belkin (fn. 7).

[33] Fearon (fn. 29).

[34] George W. Breslauer discusses this literature in Breslauer, "Counterfactual Reasoning in Western *Studies of Soviet Politics and Foreign Relations*," in Tetlock and Belkin (fn. 7).

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was redundant and possibly counterproductive.[35] This Mueller strategy readily lends itself to simulation. Researchers can build a counterfactual world and look at how actors behave under a wide range of conditions, including those that subtract putative causal factors.

Assessing Outcomes

Counterfactuals are a key component of evaluation. Was the development of nuclear weapons a blessing or a curse for humankind? What about affirmative action, free trade, or the growing economic and political integration of Europe? Serious and thoughtful scholars can be found on all sides of these controversies. Their arguments share one thing in common: the use of counterfactual benchmarks—most often, implicitly—to assess the merits of real-world policies, outcomes, or trends. Proponents of nuclear weapons who claim that nuclear weapons had beneficial consequences during the cold war imagine a superpower war, or at least a higher probability of one, in the absence of nuclear deterrence. Some critics of nuclear weapons, like John Mueller, argue that self-deterrence based on memories of the horrors of conventional war would have kept the peace. Other critics contend that nuclear weapons sustained the cold war and that it would have been less intense and possibly resolved earlier in their absence.

Assessment can be significantly influenced, or even determined, by the choice of counterfactual. The conventional wisdom holds that the allied victory in World War I was a good thing: it prevented an expansionist, continental power from achieving hegemony in continental Europe. This assessment represents the view of the world from the corporate boardrooms and corridors of power in London, New York, and Washington. From the perspective of, say, Polish Jewry, the outcome was a disaster. If Germany had won, there almost certainly would have been no Hitler and no Holocaust. In this case, the choice of counterfactual reflects the different interests of the various groups. As with historical analogies, the interesting and eminently researchable question becomes the extent to which counterfactuals guide evaluation or are chosen to justify positions that people have reached for quite different reasons.[36]

[35] John Mueller, *Retreat from Doomsday: The Obsolescence of Major War* (New York: Basic Books, 1989). And see the debate on this subject between Mueller, "The Essential Irrelevance of Nuclear Weapons: Stability in the Postwar World," and Robert Jervis, "The Political Effects of Nuclear Weapons: A Comment," both in *International Security* 13 (Fall 1988).

[36] For a strong statement of the former position with regard to historical analogies, see Yuen Foong Khong, *Analogies at War: Korea, Munich, Dien Bien Phu, and the Vietnam Decisions of 1965* (Princeton: Princeton University Press, 1992).

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Must Counterfactuals Be Realistic?

The several uses of counterfactuals I have described use "plausible" and "miracle" world counterfactuals. Plausible-world counterfactuals are intended to impress readers as realistic; they cannot violate their understanding of what was technologically, culturally, temporally, or otherwise possible. In a recent study of the origins of World War I, I imagine a world in which Archduke Franz Ferdinand and his wife, Countess Sophie, returned alive from their visit to Sarajevo.[37] This counterfactual strikes me as eminently plausible because their assassination was such a near thing. Princip's accomplice missed the royals en route to city hall, and Princip was lamenting his failure when the touring car carrying Franz Ferdinand and his wife came to a stop in front of the bar from which Princip had just emerged to allow the cars at the head of the procession to back up because they had made a wrong turn. Princip stepped forward and fired two shots at point-blank range into their touring car. With only a minimal rewrite of history—the procession is halted after the first attempt or subsequently stays on the planned route—the assassination could easily have been averted.

There are many plausible counterfactuals—historical near misses, if you like—that might have come to pass but probably would not have had any significance for the outcomes in question. Plausible counterfactuals must meet a second test: they must have a real probability of leading to the outcome the researcher intends to bring about. To demonstrate this, the researcher must construct a logical path between the counterfactual change and the hypothesized outcome, and meet other tests that are described in the last section of the review. Plausible-world counterfactuals are thought by some researchers to be the only legitimate kind of counterfactual.[38]

Miracle counterfactuals violate our understanding of what is plausible or even possible.[39] Take the following assertion: "If Bosnians had been blue-nosed dolphins, NATO would not have allowed their slaughter."[40] A landlocked province of aquatic mammals with ethnic identities would be a stretch even for Dr. Seuss—but it is morally provocative. It implies that NATO's belated intervention was somehow related to the

[37] Richard Ned Lebow, "Contingency, Catalysts and System Change," *Political Science Quarterly* (forthcoming).

[38] Jon Elster, *Logic and Society: Contradictions and Possible Worlds* (New York: John Wiley, 1978); G. Hawthorn, *Plausible Worlds: Possibility and Understanding in History and the Social Sciences* (New York: Cambridge University Press, 1991), 31–60.

[39] The term "miracle counterfactual" was coined by Fearon (fn. 29), 60.

[40] Tetlock and Belkin (fn. 23), 14.

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Muslim affiliation of much of Bosnia's population and would have come sooner if Bosnians had characteristics that evoked more sympathy in the West. Miracle counterfactuals are useful for purposes of theory building and testing. I could hypothesize that Europe achieved its military advantage because it was the only region of the world where no long-standing hegemony was established and because the resulting prolonged competition among its leading political units made them lean and mean, better armed, and more efficient in the use of large-scale violence.[41] To advance this hypothesis I must consider the counterfactual of a hegemonic Europe—perhaps achieved by a better organized and more astutely led Spain in the sixteenth century. To sustain the hypothesis I need to argue what a hegemonic Europe would have been like, and how it would have differed from the historical Europe. Miracle counterfactuals are particularly useful in evaluating existing interpretations.

Mueller's world without nuclear weapons is a miracle counterfactual because it would require a massive rewrite of a century of scientific and political history to uninvent nuclear weapons, although the timing of their development might be altered by plausible-world counterfactuals. The value of miracle counterfactuals derives not from their realism but from the analytical utility of considering alternative worlds. Counterfactuals of this kind have a distinguished lineage. Euclid used one to prove that there are an infinite number of prime numbers, and Newton, to demonstrate that the universe could not be infinite with regularly distributed and fixed stars. If these conditions held, Newton argued, the sky would not be blue.[42]

Miracle counterfactuals are critical to assessment. To evaluate the relative merits of court-contested versus mediated divorces, we need to know something about the financial consequences of each mode of settlement for women. To do this, we can compare outcomes in states that encourage and discourage mediation in comparable samples of divorced couples.[43] But we confront a serious data problem if we are interested in ascertaining whether making divorce more difficult to

[41] Ludwig Dehio, *The Precarious Balance: Four Centuries of the European Power Struggle* (New York: Knopf, 1995). Dehio argues that competition among many independent units produced "fertile friction" among Greek city-states and in modern Europe.

[42] Newton reasoned that the energy reaching us from an individual star is E/r^2, where r is the distance of the star, and E is the average energy radiated by each star, and if the density (d) of stars in the universe is constant, the number of stars would be d r^3. The total energy produced by these stars would grow in a linear fashion with r, and rise to infinity in an infinite universe—neither we nor the earth would exist. Hence, the density of stars must decrease or the universe must be finite.

[43] Carol Bohmer and Marilyn Ray, "Effects of Different Dispute Resolution Mechanisms on Women and Children after Divorce," *Family Law Quarterly* 28, no. 2 (1994).

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obtain would hold families together, as many conservatives allege. Legislation to make divorce incrementally more difficult has been debated in several states but rejected in all of them. Really tough divorce laws nationwide are unrealistic in the current social climate, and the abolition of divorce is even more improbable.[44] But miracle counterfactuals that use either premise as the starting point for research might generate interesting results that could raise the level of the policy debate. This is not dissimilar to the kind of research economists do all the time; they raise or lower prices of commodities well beyond any realistic market expectations to test consumer preferences.

Historical Counterfactuals

Recent publications have sparked renewed interest in counterfactuals. In political science the principal catalysts have been Fearon's 1991 article in this journal and Tetlock and Belkin's edited volume, *Counterfactual Experiments in World Politics*.[45] The earlier publication of Mueller's *Retreat from Doomsday* also drew a lot of attention, but it was focused more on his controversial conclusion than on his counterfactual method.[46] The two works under review have revived interest in counterfactuals in the discipline of history.

Virtual History does not make a good case for counterfactuals. Ferguson's long introduction is a literature review without much purpose. It offers no reasons for engaging in counterfactual history other than sensitizing readers to contingency, and it only briefly addresses the methods by which counterfactual experiments should be conducted. Ferguson criticizes earlier counterfactual works for inferring momentous consequences from "simple, often trivial change[s]." With undisguised scorn, he cites as an example Pascal's intentionally provocative counterfactual about Cleopatra's nose: if it had been ugly, Anthony would not have fallen for her, and the history of Rome might have been different (pp. 11–12). But what is wrong with small changes having big effects? Could anyone seriously doubt that the course of history would have been different if Pharaoh's daughter had not found a child in a basket in the reeds, if the Mongol fleet had not encountered a destructive typhoon en route to Japan, if the duke of Alba had not fallen sick

[44] Deborah Rhode, *Speaking of Sex: The Denial of Gender Inequality* (Cambridge: Harvard University Press, 1997), 184.

[45] James D. Fearon, "Counterfactuals and Hypothesis Testing in Political Science," *World Politics* 43 (January 1991); Tetlock and Belkin (fn. 7). I do not review the latter volume because I am coauthor of one of its chapters.

[46] See fn. 35 for Mueller and the follow-up debate on nuclear weapons between Mueller and Jervis.

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in 1572, or if Hitler had died in trenches during World War I or in the near fatal traffic accident he suffered in the summer of 1930? When the duke of Alba took to his bed, his inexperienced and arrogant son took command of the forces laying siege to Haarlem, rejected the town's offer of surrender on terms, and prolonged the Dutch rebellion against Spanish rule. The sustained ability of the Dutch to resist infuriated Philip II and his nephew, Alexander Farnese, duke of Parma. They convinced themselves that the Dutch resisted only because of English support and decided to deal with England directly. Geoffrey Parker suggests that the subsequent defeat of the Spanish Armada laid the American continent open to invasion and colonization by Northern Europeans and made possible the founding of the United States.[47] For want of aspirin, a continent may have been lost.

With reason, Max Weber insisted that the most plausible counterfactuals were those that made only "minimal rewrites" of history.[48] Suppose we want to evaluate Ronald Reagan's role in ending the cold war by considering the likely course of that conflict in the late 1980s if he had not been president. It is more plausible to assume that Hinckley's bullet lodged a few millimeters closer to a vital organ than to concoct a complicated, multistep scenario to deprive Reagan of his 1980 electoral triumph. As a general rule, the fewer and more trivial the changes we introduce in history, the fewer the steps linking them to the hypothesized consequent and the less temporal distance between antecedent and consequent, the more plausible the counterfactual becomes. Not every small change will have significant, longer-term consequences; many, perhaps most, changes are likely to have consequences that are dampened over time. The real problem of counterfactual thought experimentation is trying to determine which minimal rewrites will affect the course of history.

Let us return to Cleopatra's nose. An ugly proboscis is a small change that might have had a big effect. It could have dampened Anthony's ardor, with important consequences for the struggle for power among Caesars' successors. So too might Roman history have been different if Anthony had been gay. We do not object to such counterfactuals because they are trivial but because they are arbitrary and

[47] Henry Ashby Turner, Jr., *Geissel des Jahrhunderts: Hitler and seine Hinterlassenschaft* (Berlin: Siedler, 1989); Geoffrey Parker, *The Grand Strategy of Philip II* (New Haven: Yale University Press, 1998a), 129–34; idem, "The Repulse of the English Fireships," in Robert Cowley, ed., *What If?* (New York: G. P. Putnam's Sons, 1998b).

[48] Weber, "Objective Possibility and Adequate Causation in Historical Explanation," in *The Methodology of the Social Sciences* (1905; Glencoe, Ill.: Free Press of Glencoe, 1949).

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contrived. There is no particular reason why Cleopatra should have been less attractive or why Anthony should have had a different sexual orientation. Nor is it clear how these changes would have been brought about. Good counterfactuals arise from the context, and there must be compelling mechanisms to bring them into being.

Ferguson wants to legitimate counterfactual research, but his efforts to do so would put it in a straitjacket. He insists that we consider only those counterfactual scenarios that contemporary actors considered and committed to paper or some other form of record that is accepted by historians as a valid source.[49] Ferguson's criteria would exclude entire categories of plausible-world counterfactuals. It would limit counterfactuals to elites who made written records, to self-conscious decisions in which alternatives are likely to be carefully considered, and to political systems in which leaders and other important actors feel secure enough to write down their thoughts or share them with colleagues, journalists, family members, or friends. It would rule out all counterfactuals that were the result of impulsive behavior (or the lack of it), of human accident, oversight, obtuseness, or unanticipated error, of acts of nature, or of the confluence (or lack of it), or of independent chains of causation. We could not contemplate a world in which the duke of Alba remained healthy and did not relinquish command of his army to his son, Franz Ferdinand's touring car adhered to its planned route, Hitler died in an automobile accident, or Hinckley assassinated Ronald Reagan. Ferguson's criteria would also rule out all miracle counterfactuals.

The nine historical chapters of *Virtual History* are organized chronologically. They consist of one chapter each on the seventeenth and eighteenth centuries—England without Oliver Cromwell and America without a revolution—and seven on the twentieth century, ranging from an Irish Britain following the enactment of Home Rule in 1912 to the survival of the Soviet Union and Warsaw Pact in the absence of Mikhail Gorbachev. Some of the chapters are imaginative and convincingly argued (for example, John Adamson on England without Cromwell and J. C. D. Clark on British America) and sensibly ignore Ferguson's restrictive criteria for plausible-world counterfactuals. Other chapters are less convincing, among them, Ferguson's chapter on 1914. One chapter is downright nasty, partisan, and inappropriate to the volume: Diane Kunz does a hatchet job on John F. Kennedy without any serious counterfactual analysis. Ferguson's conclusion is as rambling as

[49] A similarly restrictive definition is offered by P. Nash, "The Use of Counterfactuals in History: A Look at the Literature," *SHAFR Newsletter* (March 1991).

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his introduction and makes no attempt to tie the historical chapters together or draw any conclusions from their counterfactual explorations. Neither do any of the contributors in the absence of any guidance from the editor.

The Pity of War is a big book about big questions — ten of them to be precise. Ferguson wants to know if World War I was inevitable, why Germany's leaders gambled on war in 1914, why Britain intervened, whether the war was really popular at the outset, the extent to which propaganda kept it going, why the Schlieffen Plan failed, why Britain's economic advantages did not result in an earlier victory, why men kept fighting, why they stopped fighting, and who won the peace. To answer these questions, Ferguson relies heavily on counterfactual arguments on the grounds that they help recapture the uncertainty of the actors, to whom the future was merely a set of possibilities, and that they allow us to assess the extent to which they made the right choices.

Ferguson's questions are good ones; his answers are not. He appears to be following the A. J. P. Taylor approach to the writing of history: make outrageous arguments that stand history on its head, infuriate the critics, gain publicity, and with any luck, sell a lot of books. Taylor's *Origins of the Second World War* was a masterpiece of the genre.[50] It tried to shift much of the burden for the outbreak of war in 1939 from Adolf Hitler and Germany to Neville Chamberlain and Britain. Ferguson attempts to do the same—much less cleverly—for World War I.

Most historians assign primary responsibility for the First World War to Austria-Hungary and Germany. The dominant interpretation holds that Austria-Hungary exploited the assassination of Franz Ferdinand as the pretext for war with Serbia, and that Germany encouraged—even pushed—Austria toward decisive action.[51] Students of

[50] A. J. P. Taylor, *The Origins of the Second World War* (London: Hamish Hamilton, 1961).

[51] Fritz Stern, "Bethmann Hollweg and the War: The Limits of Responsibility," in Fritz Stern and Leonard Krieger, eds., *The Responsibility of Power: Historical Essays in Honor of Hajo Holborn* (Garden City, N.Y.: Doubleday, 1967); Konrad J. Jarausch, "The Illusion of Limited War: Chancellor Bethmann Hollweg's Calculated Risk, July 1914," *Central European History* 2, no. 1 (1969); idem, *The Enigmatic Chancellor: Bethmann Hollweg and the Hubris of Imperial Germany* (New Haven: Yale University Press, 1973); Karl Dietrich Erdmann, "War Guilt 1914 Reconsidered: A Balance of New Research," in H. W. Koch, ed., *The Origins of the First World War*, 2d ed. (Oxford: Oxford University Press, 1984); Wolfgang J. Mommsen, *Das Zeitalter des Imperialismus* (Frankfurt: Fischer Bucherei, 1969); idem, "Domestic Factors in German Foreign Policy before 1914," *Central European History* 6, no. 1 (1972); Andreas Hilgruber, "Riezlers Theorie des kalkulieren Risikos und Bethmann Hollwegs politische Konzeption in der Julikrise 1914," *Historische Zeitschrift* 202 (April 1966); Egmont Zechlin, *Krieg und Kriegrisiko: Zur deutschen Politik im Ersten Weltkrieg* (Düsseldorf: Droste, 1979); David Kaiser, "Germany and the Origins of the First World War," *Journal of Modern History* 55 (December 1983); Hartmut Pogge von Strandmann, "Germany and the Coming of War," in R. J. Evans and Hartmut Pogge von Strandmann, *The Coming of the First World War* (Oxford: Oxford University Press, 1988); Holger H. Herwig, *The First World War: Germany and Austria-Hungary, 1914–1918* (London: Arnold, 1998),

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Austria-Hungary argue that its leaders acted out a combination of closely related foreign and domestic concerns. Since the publication of Kurt Riezler's diaries, something of a consensus has emerged among German historians that Chancellor Theobald von Bethmann-Hollweg did not seek to provoke a European war but recognized that an Austrian conflict with Serbia would be difficult to contain. He also believed that a continental war was inevitable and that Germany's chance of winning it would only diminish with every passing year.[52] Hence, sooner was preferable to later.

To the extent that Britain has been criticized for its policy in 1914, it has usually been for Sir Edward Grey's naïveté. The foreign secretary recognized only belatedly that Germany was playing a double game, and for most of the crisis he had tried to get Berlin to restrain Austria and cosponsor a conference to resolve the problem by diplomacy. It is sometimes alleged that Britain might have prevented war if only Grey had put Germany on notice early on in the crisis that Britain would come to the aid of France if Germany violated Belgian neutrality.[53] Ferguson propounds a different idea in *The Pity of War*. Germany was on the defensive and had been put there by other powers, most notably Britain: "The Committee of Imperial Defence meeting of 23 August (rather than the notorious meeting between the Kaiser and his military chiefs sixteen months later) was the real 'war council' which set the course for a military confrontation between Britain and Germany" (pp. 64–65). This meeting acquiesced in the strategy of sending an expeditionary force to the Continent if Britain sided with France in a war with Germany. Britain's plans for an aggressive land and naval policy, its naval agreement with France in the Mediterranean, and secret discussions with Russia in 1914 made "German fears of encirclement seem less like paranoia than realism" (p. 68).

Ferguson contends that the British rode roughshod over Germany's interests because "they realized she did *not* pose a threat." The Germans

chap. 1; John C. G. Röhl, "Germany," in Keith Wilson, ed., *Decisions for War, 1914* (New York: St. Martin's Press, 1995). On Austria, see Samuel R. Williamson, Jr., "Influence, Power, and the Policy Process: The Case of Franz Ferdinand," *Historical Journal* 17, no. 2 (1974); idem, "The Origins of World War I," *Journal of Interdisciplinary History* 18 (Spring 1988); idem, *Austria-Hungary and the Coming of the First World War* (London: Macmillan, 1990); and R. J. Evans, "The Habsburg Monarchy and the Coming of War," in Evans and Pogge von Strandmann, eds., *The Coming of the First World War*.

[52] Riezler, *Tagebücher, Aufsätze, Dokumente: Eingeleidet und hrsg. Von Karl Dietrich Erdmann* (Göttingen: Vandenhoeck & Ruprecht, 1972); Koch (fn. 51), introduction.

[53] See, for example, Sean M. Lynn-Jones, "Détente and Deterrence: Anglo-German Relations, 1911–1914," *International Security* 11 (Fall 1986). German scholarship is very skeptical about such claims. Karl Dietrich Erdmann, "War Guilt 1914 Reconsidered: A Balance of New Research," in Koch (fn. 51); Zechlin (fn. 51); Jarausch (fn. 51, 1973), 167, 170.

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were not aggressive but were pushed toward war by the military preparations of their neighbors, including Britain, and resolved to fight while they still had a chance to win (pp. 151–52). This argument leads to the paradoxical conclusion—and the key counterfactual of the book—that "a *more* militaristic Germany might have averted the First World War" (p. 142). The counterfactual rests on three assumptions: (1) that the financial constraint on Germany's military capability was "perhaps *the* crucial factor in the calculations of the German General Staff in 1914"; (2) that General Erich von Ludendorff's 1913 "maximum plan" to add three hundred thousand men to the army was financially feasible; and (3) that a more powerful Germany would have been more restrained in its foreign policy (pp. 141–42).

The German general staff was deeply concerned about the strategic implication of Russian and French military preparations, but this was because of the infamous Schlieffen Plan. It committed Germany to an all-out offensive in the West to defeat France before the more slowly mobilizing Russia could bring its forces to bear against Germany in the East. If the general staff had adopted a defensive strategy, a more appropriate strategy for an allegedly status quo power, they could have regarded French and Russian military preparations with more equanimity. The Ludendorff plan may have been financially feasible for the reasons Ferguson adduces: additional taxes could have been levied, or the Reichsbank, which was hoarding gold, could have purchased a substantial issue of treasury bills. But the counterfactual violates one of the criteria Ferguson proposed in *Virtual History:* the German chancellor never seriously considered the Ludendorff plan as an option. He did not, because increased military expenditures in 1913 were, in Ferguson's own words, "politically impossible" (p. 141). This admission pulls the rug out from under the counterfactual. The pièce de résistance is Ferguson's bald assertion that a more powerful Germany would have been a more peaceful Germany—while providing no grounds whatsoever for believing this could have been. It seems at least as likely that with a larger army in 1914, German leaders would have been *more* confident of victory and *more* intent on going to war. In this connection, we need to remember that an important catalyst for the German decision to risk war in the July crisis was the perceived need to bolster Austria-Hungary, and this consideration would still have been present and equally important.

Ferguson fails to consider any additional counterfactuals that might have followed from his counterfactual. If Germany had increased its armed forces, how would France and Russia have responded? If they

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had each increased their armed forces by only half as much, the German general staff would have been right back where it started. Expectation of tit-for-tat escalation—a characteristic of prewar arms races—may well have been an additional reason why Bethmann-Hollweg did not greet Ludendorff's proposal with enthusiasm. Any number of other changes are possible as a consequence of Ferguson's counterfactuals, and a good historian should attempt to identify the most important and explore their implications for Germany policy and the likelihood of war.

Ferguson's counterfactual is politically and methodologically unsound. Most of his other counterfactuals are similarly incomplete and unconvincing. Consider the alternative strategies by which Germany might have achieved a military victory. Ferguson rejects out of hand the *Ostaufmarsch* plan, by which the German offensive would have been directed against Russia instead of France, and the related suggestion that Falkenhayn should have refrained from attacking Verdun, remained on the defensive in the West, and concentrated on defeating Russia. He suggests that Ludendorff might have obtained a negotiated peace if he had offered to relinquish Belgium after his spring 1918 offensive stalled on April 5. Instead of pressing on with the attack, Ludendorff should have withdrawn German forces to the Hindenburg Line and asked the allies for an armistice. This is not a course of action that seems to have crossed Ludendorff's mind at the time, and Ferguson gives no reasons for believing that the allies would have responded favorably (pp. 315–17).

The mother of all World War I counterfactuals is Ferguson's outlandish suggestion that had Britain stood aside in 1914, even for a matter of weeks, "continental Europe could therefore have been transformed into something not wholly unlike the European Union we know today" (pp. 443–44, 457–61). This benign outcome assumes that Germany would have defeated France without the rapid intervention of the British Expeditionary Force—an argument about which Ferguson is only lukewarm elsewhere in the volume. It also assumes a long string of second-order counterfactuals (for example, Russia is also defeated, Berlin organizes the Continent in a manner that allows other nations to benefit, these states and people become reconciled to German dominance, Germany is a sated power and conducts no further wars in Europe and makes no additional colonial demands, and its political culture and institutions evolve to become something akin to the liberal, peaceful, Europe-oriented country that it is today). Ferguson does not address these questions and offers no chain of logic to connect

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the counterfactual of a German victory to the peaceful and consensual Europe he posits as the long-term outcome. Ferguson is reacting to the arguments of Grey and "other Germanophobes" that a German victory would have been disastrous for British interests and goes full tilt—and foolishly so—in the opposite direction (pp. 166–68).

"Plausible World" Counterfactuals

More thoughtful historians and social scientists have pondered the problem of plausible-world counterfactuals and appropriate criteria for using them. There is no consensus about what constitutes a good counterfactual, but there is a common recognition that it is extraordinarily difficult to construct a robust counterfactual—one whose antecedent we can assert with confidence could have led to the hypothesized consequent. There are three reasons for this well-warranted pessimism: the statistical improbability of multistep counterfactuals, the interconnectedness of events, and the unpredictable effects of second-order counterfactuals.

Compound Probability

The probability of a consequent is a multiple of the probability of each counterfactual linking the hypothesized antecedent to it. Suppose I contend that neither world war nor the Holocaust would have occurred if Mozart had lived to the age of sixty-five.[54] Having pushed classical form as far as it could go in the Jupiter Symphony, his last three operas, and the requiem, Mozart's next dramatic works would have been the precursors of a new, "postclassicist" style. He would have created a viable alternative to romanticism that would have been widely imitated by composers, writers, and artists. Postclassicism would have kept the political ideas of the Enlightenment alive and held romanticism in check. Nationalism would have been more restrained, and thus Austria-Hungary and Germany would have undergone very different political evolution. This alternative and vastly preferable world has at least five counterfactual steps linking antecedent to consequent: Mozart must survive to old age and develop a new style of artistic expression; subsequent composers, artists, and writers must imitate and elaborate it; romanticism must become to some degree marginalized; and artistic developments must have important political ramifications. This last

[54] Richard Ned Lebow, "What If Mozart Had Died at Your Age?" (Manuscript, Mershon Center, Ohio State University, April 2000).

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counterfactual presupposes numerous other enabling counterfactuals about the nature of the political changes that will lead to the hypothesized consequent (for example, internal reforms that resolve or reduce the threat of internal dissolution of Austria-Hungary, German unification under different terms, or at least a Germany satisfied with the status quo, no First World War, no Hitler and no Holocaust without Germany's defeat in World War I). Even if every one of this long string of counterfactuals had a probability of at least 50 percent, the overall probability of the consequent would be a mere .03 for five steps and a frighteningly low .003 for eight steps. This particular counterfactual may appear far-fetched, but most interesting counterfactuals are no less improbable statistically. They may start with a tiny and plausible alteration of the real world but then infer numerous follow-on developments to end up with a major change in reality.

Interconnectedness

Scholars not infrequently assume that one aspect of the past can be changed and everything else kept constant. Mueller's cold war counterfactual is a case in point. He analyzes postwar history as it actually happened, including the Cuban missile crisis, to see if any major outcome would have been different in the absence of nuclear weapons. But what incentive would Khrushchev have had to deploy conventionally armed missiles in Cuba? The missiles could not have deterred an American invasion and might well have invited one, and this was the very event Khrushchev hoped to prevent.[55] Without a Cuban missile crisis, which had significant consequences for the future course of Soviet-American relations, the cold war would have evolved differently, and the course of future superpower relations, benign or malign, is impossible to predict.

"Surgical" counterfactuals are no more realistic than surgical air strikes. Causes are interdependent and have important interaction effects. Even minimal rewrites of history may alter the context in such a way as to render the consequent moot or to undercut the chain of events or logic leading to it. Consider another missile crisis counterfactual: if Richard Nixon had won the 1960 presidential election—and he lost by the narrowest of margins—he would have ordered an air strike against the Soviet missiles in Cuba. It is reasonable to assume that Nixon would have preferred an air strike to a blockade because he was more hawkish than Kennedy and would not have had a secretary of defense like Robert McNamara to make the case for restraint. But for

[55] For this criticism of Mueller, see Cederman (fn. 32), 253, 255.

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these same reasons, Nixon might well have committed American forces to the faltering Bay of Pigs invasion in April 1961. If Castro had been overthrown, there would have been no communist Cuba to which Khrushchev could send missiles a year later.

The Nixon example invokes a counterfactual arising from the antecedent—but one outside the chain of logic leading from it to the consequent—to render the missile crisis moot. If Nixon had been elected president in 1960, the world would have been different in many ways, some of them with implications that are impossible to trace. He would have appointed a different defense secretary, who in turn would have appointed a different chairman of the joint chiefs of staff. Personnel changes at the top would have had amplifying consequences for promotions and appointments further down the line. To the extent that the behavior of individual officers could have important foreign policy implications—and it certainly did during the Berlin and Cuban missile crises—all kinds of possibilities open up.

Second-Order Counterfactuals

The problem of prediction is further complicated by the fact that the clock of history does not stop if and when the hypothesized consequent is reached. Subsequent developments can return history to the course from which the antecedent was intended to divert it.[56] Colin Martin and Geoffrey Parker show that the defeat of the Spanish Armada was a near event; they suggest that better communication, different decisions by local commanders, or better weather might have allowed the Spanish to land an invasion force in England. If Spain had put an army ashore, it almost certainly would have conquered the country. Martin and Parker go on to consider what would have happened next: Philip II was succeeded by Philip III, a far less capable ruler, who would have had enormous difficulty in maintaining an already overextended empire. In relatively short order, they believe, England would have overthrown the Spanish yoke.[57]

Some counterfactuals, like the "butterfly effect," introduce small changes that have major, lasting, long-term effects. Others, like a Spanish victory in 1588, are big changes that appear to have big consequences, but the changes they introduce may be damped down over time and end up having little lasting effect. It is also possible that second counterfactuals arising from a Spanish occupation of England,

[56] Tetlock, ""Distinguishing Frivolous from Serious Counterfactuals" (Manuscript, 1999).
[57] Parker (fn. 47, 1998a), 281–96.

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however brief that occupation, could have had dramatic and long-lasting changes for European politics or in other realms that Marin and Parker did not consider. None of these outcomes is predictable, and the butterfly effect may not be knowable in advance or even in retrospect.[58]

Criteria for Use

Recognition that counterfactual arguments often have indeterminate consequences has prompted scholars to impose restrictive criteria on their use. Fearon proposes a proximity criterion. We should consider only those counterfactuals in which the antecedent appears likely to bring about the intended consequent and little else. Counterfactuals, he suggests, must be limited to cases where "the proposed causes are temporally and, in some sense, spatially quite close to the consequents."[59] Dawes argues that counterfactual inferences are warranted "if and only if they are embedded in a system of statistical contingency for which we have reasonable evidence."[60] Kiser and Levi suggest that counterfactuals are best used as substitutes for direct empirical analysis when data are limited or unavailable. Such counterfactuals should be based on a general deductive theory with clear microfoundations and scope conditions.[61] Elster, who also insists that good counterfactuals are derived from good theories, believes that there is only a narrow window for such experimentation: "The theory must be weak enough to admit the counterfactual assumption, and also strong enough to permit a clear-cut conclusion."[62]

Criteria that tie counterfactuals to established laws and statistical generalizations and attempt to limit second-order counterfactuals are superficially appealing. In practice, they are generally unworkable or would rule out some of the most important uses of counterfactual experimentation. The Fearon proximity criterion suffers from both defects. The requirement of a minimal cause that produces only a minimal effect is extraordinarily restrictive. Weber rightly observes that

[58] See M. Maruyama, "The Second Cybernetics: Deviation-Amplifying Mutual Causal Processes," *American Scientist* 51, no. 2 (1963). Maruyama contends that the very essence of the "butterfly effect" is that it cannot be discovered. He offers the example of a city built on the American plains because the first white settler awoke on an especially beautiful morning and took it as a sign to put down his stakes here rather than somewhere else. The coincidence of weather and intent was unpredictable and would be invisible as a cause to researchers a century later attempting to discover why the city grew up where it did.

[59] Fearon (fn. 29), 50.

[60] Dawes, "Counterfactual Inferences as Instances of Statistical Inferences," in Tetlock and Belkin (fn. 7)

[61] Edgar Kiser and Margaret Levi, "Using Counterfactuals in Historical Analysis: Theories of Revolution," in Tetlock and Belkin (fn. 7).

[62] Elster (fn. 38), 184–85.

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"it rewards the psychologically easy and comfortable task of generating counterfactuals close to the margins of existing theories. It predisposes toward varying only the familiar variables, the ones that we think we know are tied into causal paths that we feel we know well." It also presupposes that we know what "minimal" really means and that we have a rather complete understanding of the behavior in question and its likely consequences. "If we knew this," Weber continues, "we would no longer need counterfactuals."[63] Counterfactuals almost always have multiple consequences, and a counterfactual powerful enough to test a theory that makes only one small change in reality is probably an oxymoron.

Elster, Kiser and Levi, and Tetlock and Belkin favor counterfactuals that are derived deductively from good theories.[64] This may be possible in a data-rich and reductionist field like cognitive psychology. But as Breslauer contends, it is hardly a realistic standard for counterfactuals in history and most of the social sciences, where after fifty years of intensive behavioral research there are no "established" theoretical laws or generalizations.[65] In political science, where researchers do not agree on the meaning of "cause" or "fact," it is unlikely that they will ever agree about what constitutes a good theory and, by extension, a useful or valid counterfactual.[66]

In the absence of established theory, Tetlock and Belkin worry that competing schools of thought will invent "counterfactuals of convenience." Breslauer and Herrmann and Fischerkeller report that this was a common practice in Soviet studies during the cold war. The widespread appeal of the expansionist "theory" of Soviet foreign policy made American policymakers and scholars receptive to counterfactuals that did not meet the Tetlock-Belkin criteria. Tetlock and Belkin would eliminate this problem by insisting that counterfactuals "must stimulate testable propositions that hold up reasonably well against new data." Herrmann and Fischerkeller point out that even if good evidence had been available, neither the expansionist not the defensive "theories" of Soviet behavior were formulated in ways to make them falsifiable.[67]

[63] Weber, "Counterfactuals, Past and Future," in Tetlock and Belkin (fn. 7), 278, 272.

[64] Elster (fn. 38); Kiser and Levi (fn. 61); and Tetlock and Belkin (fn. 23) also believe this is a reasonable standard for judging the plausibility of counterfactuals; Tetlock and Belkin acknowledge that "we should expect disagreement about what counts as well-established theory in world politics" (p. 27).

[65] Breslauer (fn. 34), 73; Steven Bernstein et al., "G-d Gave Physics All the Easy Problems: Adapting Social Science to an Unpredictable World," *European Journal of International Relations* 6 (January 2000).

[66] Weber (fn. 63), 271.

[67] Breslauer (fn. 34); Richard K. Herrmann and Michael P. Fischerkeller, "Counterfactual Reasoning in Motivational Analysis: U.S. Policy toward Iran," in Tetlock and Belkin (fn. 7); Tetlock and Belkin (fn. 23), 27.

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Dawes's criterion of well-established statistical regularities is open to the same criticism. Based on an examination of the American literature on Iran, Herrmann and Fischerkeller conclude that "too often in world politics what is taken as a base rate for a generalization about the motives of another country is too much an ideological conviction and too little a product of deductive and empirical behavioral science."[68] Lebow and Stein have documented the same phenomenon with respect to deterrence; data sets used to test the strategy of deterrence were patently ideological in the cases they recognized as deterrence encounters and coded as successes for the West.[69]

There are other fundamental problems with attempts to derive counterfactuals from theory. Most theories rely on "structural" variables for their analytical power. To introduce variation in structure, it is necessary to make major changes in reality, changes that violate not only Fearon's proximity criterion but also any conception of a "minimal" or plausible rewrite of history. In international relations, most of our theories are at the levels of either the state (for example, democratic peace) or the system (for example, balance of power, power transition). To manipulate the relevant variables counterfactually, it would be necessary to make structural changes in the constitutions or capabilities of states or in the polarity of the system. It is inconceivable that any change of this kind could be brought about by a plausible-world counterfactual, unless it is introduced at some temporal remove and expected to have a long-term, cumulative effect. Multiple-step counterfactuals with unknowable second-order counterfactuals are unacceptable to theory-driven researchers. To change governments, capabilities, or polarity we must rely on miracle counterfactuals.[70] They require additional counterfactuals to bring them about, counterfactuals that researchers cannot in good conscience ignore because of their possible implications for the consequent. If we accelerated the decline of Great Britain in the nineteenth century relative to Germany to evaluate power-transition theory or if we made post-1918 Russia a democracy to test the relative importance of capabilities versus regime type, we would need to ask what could cause Britain's decline or Russia's emergence as a democracy. We would probably have to transform the economic development, class structure, and ideology of these states, and perhaps the outcomes of

[68] Herrmann and Fischerkeller (fn. 67), 146–47.

[69] Richard Ned Lebow and Janice Gross Stein, "Deterrence: The Elusive Dependent Variable," *World Politics* 42 (April 1990); and idem, *When Does Deterrence Succeed and How Do We Know?* (Ottawa: Canadian Institute for International Peace and Security, 1990).

[70] Fearon (fn. 29) acknowledges the utility of miracle counterfactuals but not the contradiction between their use and his requirement that counterfactuals be deduced from theories (pp. 60–65).

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wars in which they had engaged. Any of these changes could significantly alter their foreign policies and perhaps the rules and norms of the international system.

None of the miracle counterfactuals we could use to alter regime type, capability, or polarity can be derived from existing international relations theories. They would all be ad hoc. The same holds true for most plausible-world counterfactuals. Assassinations, ill-health, last-minute changes in travel plans, undelivered messages, misunderstandings, accidents, and coincidences—all the most credible vehicles of plausible-world counterfactuals—are random events, often unconnected with politics and certainly outside of any theory of politics. Why should this be considered a methodological weakness? In the health and physical sciences, where counterfactual experimentation is routine, counterfactuals are almost always independent of theory. They take the form of imaginary, often knowingly unrealistic parameters for key variables. Epidemiologists have robust equations to describe the spread of infectious diseases. In studying HIV, they might assign a range of arbitrary values to its virulence, the time that elapses between infection and the onset of symptoms, the rate of infection (by altering sexual practices or illicit drug use), or the nature and success rate of treatments, all with the goal of determining the combinations of social and medical practices that will be most effective in limiting the spread of the virus. So too in social science, the appropriate criteria for good counterfactuals have nothing to do with their origins, but rather concern how they are used.

This brings us to the nub of the problem. The scholars most troubled by the inherent unpredictability of counterfactual outcomes are those like Elster, Fearon, and Dawes who want to use counterfactuals to test propositions and theories. The less demonstrable the consequent, the less useful a counterfactual is for this purpose. Fearon is willing to consider a fallback position. Although it may be impossible to prove that x caused y, it may be possible, he suggests, to demonstrate that without x, whatever happened would not have been y.[71] The author employed this strategy to critique structural theories that attempt to explain transformations of the international system. I used counterfactual arguments to show that these transformations were contingent in a double sense. They were the result of independent chains of causation that produced nonlinear effects when they came into confluence. The transformations were also dependent on catalysts, whose presence was problematic and whose causes were independent of any of the underly-

[71] Fearon (fn. 29), 54.

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ing causes of the transformations. Both the confluence and the catalysts could easily have been prevented by minimal rewrite counterfactuals. At best, therefore, structural theories can identify conditions under which transformations become possible.[72]

Scientific validation of a counterfactual is important only if the goal is to test a proposition or theory. Testing is only one part of theory building and by no means the most important part. Even within the neopositivist tradition, the prior steps of identifying important questions or anomalies and formulating theories to explain or resolve them are generally recognized as critical. I argued earlier that counterfactuals serve these ends admirably by making scholars more sensitive to contingency, helping them work through the implications of existing theories and identify gaps and inconsistencies in them. Theory building is only one goal of social science. It also aims to broaden our intellectual horizons and to provide methods relevant to assessing the relative benefits and value of policy outcomes, real and hypothetical. Counterfactual experimentation is essential to these tasks and can be used effectively without requiring certainty that antecedents will lead to specific consequents. Steven Weber has rightly observed that counterfactuals are better used as "mind-set changers" and "learning devices" rather than as data points in explanation."[73] We should worry less about the uncertainty of counterfactual experimentation and think more about its mind-opening implications.

For most of these purposes described above, the clarity, completeness, and logical consistency of the arguments linking antecedent to consequents are more important than their external validity. I accordingly propose eight criteria for plausible-world counterfactuals. Numbers 1, 2, 4, and 5 are drawn from or are variants of the Tetlock-Belkin list, number 6 was recently proposed by Tetlock, and numbers 3, 7 and 8 are the author's.[74]

1. *Clarity.* All causal arguments should define as unambiguously as possible what is to be explained (the consequent in counterfactual arguments), what accounts for this outcome (the antecedent), and the principle(s) linking the two. Good counterfactuals should also specify the conditions that would have to be present for the counterfactual to occur. Some historians have argued that timely public health measures could have significantly reduced the mortality in Europe associated with the Black Death pandemic of the fourteenth century. For Euro-

[72] Lebow (fn. 37).
[73] Weber (fn. 63), 270.
[74] Tetlock and Belkin (fn. 23), 16–32; Tetlock (fn. 56); Lebow and Stein (fn. 8), 146–47.

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pean communities to have implemented these measures, they would have had to recognize that human intervention could affect the spread of disease, and they would have needed the authority and will to impose draconian measures on travel and trade over the likely objections of the wealthy and merchant classes.[75] Both additional conditions are unrealistic given the values, knowledge, and political structure of the age; large-scale quarantines would not be implemented to combat plague until the eighteenth century.[76] Plausible-world counterfactuals not only require realistic antecedents, but the antecedents themselves must not require other, implausible conditions or counterfactuals.

2. *Logical consistency or cotenability.* Every counterfactual is a shorthand statement of a more complex argument that generally requires a set of connecting conditions or principles. The hypothetical antecedent should not undercut any of the principles linking it to the consequent. A case in point is Robert Fogel's famous argument that if railroads had not existed, the American economy in the nineteenth century would have grown only slightly more slowly than it actually did because a strong incentive would have existed to invent the internal combustion engine sooner.[77] Elster has rightly objected that if the technology were present to invent and produce automobiles, it would almost certainly have also led to the development of railroads.[78]

3. *Enabling counterfactuals should not undercut the antecedent.* Counterfactuals may require other counterfactuals to make them possible (for example, for Richard Nixon to have been president at the time of the Cuban missile crisis, he would have had to have won the 1960 election, and that would have required significant changes in the political context at home and possibly abroad. These changes might have had significant implications for both American and Soviet foreign policy.) Researchers need to specify all important enabling counterfactuals and consider their implications for the consequent.

4. *Historical consistency.* Max Weber insisted that plausible counterfactuals should make as few historical changes as possible on the grounds that the more we disturb the values, goals and contexts in which actors operate, the less predictable their behavior becomes.[79] Counterfactual arguments that make a credible case for a dramatically

[75] Hawthorn (fn. 38), 31–60.

[76] William H. McNeill, *Plagues and People* (Garden City, N.Y.: Doubleday, 1976), 239–40, 254.

[77] Fogel, *Railroads and American Economic Growth: Essays in Econometric History* (Baltimore: Johns Hopkins University Press, 1964).

[78] Elster (fn. 38), 204–8; Tetlock and Belkin (fn. 23), 22–23.

[79] Weber (fn. 48).

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different future on the basis of one small change in reality are very powerful, and the minimal rewrite rule should be followed whenever possible. The *nature* of the changes made by the experiment are nevertheless more important than the *number* of changes. A minimal rewrite that makes only one alteration in reality may not qualify as a plausible-world counterfactual if the counterfactual is unrealistic or if numerous subsequent counterfactual steps are necessary to reach the hypothesized consequent. A counterfactual based on several small changes, all of them realistic, may be more plausible, especially if they lead more directly to the consequent.

5. *Theoretical consistency.* There are few, if any, generally accepted theories in the social sciences, and none in international relations, comparative politics, or history. For purposes of counterfactual analysis, it is nevertheless useful to reference any theories, empirical findings, historical interpretations, or assumptions on which the causal principles or connecting arguments are based. This will provide readers with a more explicit perspective from which to evaluate the counterfactual's plausibility.

6. *Avoid the conjunction fallacy.* There are good statistical grounds for the "minimal rewrite" rule, as the probability of a consequent is the multiple of the probability of each counterfactual step linking the antecedent to it. We nevertheless need to recognize the conservative bias inherent in statistical reasoning. The laws of statistics indicate that the probability of *any* compound counterfactual is exceedingly low. This does not mean that the current state of affairs was overdetermined, only that it is very unlikely that hypothesized antecedents will produce *specific* consequences at any temporal distance. Social and political developments are highly contingent, and the future is undetermined—as was the past before it became the present. The long-term consequences of change are unpredictable. If Mozart had lived to sixty-five, today's world could well have turned out to be strikingly different from the world we know. But many alternative worlds are possible, and the probability of any one of them coming to pass is exceedingly low. Counterfactuals might have changed the world but in ways that become exponentially more difficult to track over time because of the additional branching points that enter the picture. As the probabilities associated with these outcomes will vary enormously, researchers accordingly need to specify if their counterfactuals are intended to produce a specific world, a set of worlds with particular characteristics, or *any* world (on a specific dimension) other than the one that actually came to pass.

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7. *Recognize the interconnectedness of causes and outcomes.* Surgical counterfactuals are unrealistic because causes are interdependent and have important interaction effects. Changes we make in the past may require other changes to make them possible and may also produce additional changes beyond those we intend to lead to the consequent. History is like a spring mattress: if one of the springs is cut or simply subjected to extra pressure, the others will also to varying degrees shift their location and tension.[80] Earlier we considered the counterfactual that "President" Nixon would have ordered an air strike and follow-up invasion of Cuba, which in turn would have triggered a nuclear war. But if Nixon had been president, he probably would have committed American forces to save the faltering Bay of Pigs invasion and Castro would have been overthrown. A subsequent Soviet missile deployment would have become moot. Good counterfactuals must specify what else might change as a result of a hypothesized antecedent, and they must consider how the most important of these changes might interact and influence the probability of the consequent.

8. *Consider second-order counterfactuals.* Even when there is good to reason to believe that the antecedent will produce the desired consequent, the possibility remains that subsequent developments will return history to the course from which it was initially diverted by the antecedent. This might be the long-term result of enabling counterfactuals necessary to bring about the antecedent, of follow-on counterfactuals produced by the antecedent, of counterfactuals arising from the consequent, or of interaction among any combination of these counterfactuals. Interaction effects among second-order counterfactuals might be considered third-order counterfactuals, and they too can have profound consequences for the subsequent course of development.

Attempts to identify and analyze *all* of the counterfactuals arising from the antecedent and consequent would quickly lead to an infinite regress. Researchers should nevertheless try to identify what in their view is the most likely course of events that could unravel their consequent or negate its value as an outcome. The last point entails the recognition that we choose a consequent because of some larger effect it is intended to have. If other developments make it unlikely that the consequent will have that effect, it may lose its attractiveness. No counterfactual argument is complete without some argument about "alter-

[80] Friedrich Engels suggested something similar. History was a "parallelogram of forces." If one person shook his arms to move one corner of the parallelogram, it affected parts of the figure far away and far removed from intentions of the actor. Richard J. Evans, *In Defense of History* (New York: Norton, 1999), 118.

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native" alternative futures and some assessment of their likelihood and implications for both the consequent and its value as a consequent.

These criteria will not allow researchers to validate plausible-world counterfactuals, but they will help them weed out poor counterfactuals primarily on the basis of clarity and logical and substantive completeness. Most of the criteria are not applicable to miracle-world counterfactuals, which, by definition, are not required to meet any real-world tests. The value of such a counterfactual is based entirely on its ability to provoke or, better yet, to compel researchers to think about issues and problems they would not otherwise address, or to look at them in a new light. For a field where careful, technical work is increasingly valued over imagination, miracle-world counterfactuals can refocus our attention on important, big questions.

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UNDERSTANDING CHINA'S REFORM
Looking beyond Neoclassical Explanations

By SHU-YUN MA

Jane Duckett. *The Entrepreneurial State in China: Real Estate and Commerce Departments in Reform Era Tianjin.* London: Routledge, 1998, 273 pp.
Lance L. P. Gore. *Market Communism: The Institutional Foundation of China's Post-Mao Hyper-Growth.* Hong Kong: Oxford University Press, 1998, 354 pp.
Jean C. Oi. *Rural China Takes Off: Institutional Foundations of Economic Reform.* Berkeley: University of California Press, 1999, 253 pp.
Edward S. Steinfeld. *Forging Reform in China: The Fate of State-Owned Industry.* Cambridge: Cambridge University Press, 1998, 300 pp.

Theoretical Context: Local State Corporatism Versus Neoclassical Political Economy

POST-Mao reform in China has not only transformed the political, economic, and social dynamics of the country but also has provoked rethinking on a wide range of theoretical issues: How could China have achieved rapid economic growth without privatization? Why have Chinese officials not been resistant to market reform? What makes the Chinese state developmental rather than predatory? These questions pose important challenges to neoclassical political economy (NPE), which contends that economic growth is impossible under public ownership, that state bureaucrats always oppose marketization, and that states tend to be predatory.

Jean Oi was among the first to respond to those questions. In an article published in *World Politics* in 1992, Oi identified "local state corporatism" (LSC) as the secret of China's success. Her thesis has attracted wide attention among China scholars and has served as the common starting point of a number of studies on China's reform, including the recent books by Jane Duckett, Lance Gore, and Edward Steinfeld. More recently, Oi updated her arguments in a book-length study. The

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purpose of this article is to show how these works attempt, and all fail, to establish China as a case to refute NPE. But first, a review of the general arguments in the LSC-NPE debate may be helpful.

According to Oi, the decollectivization and the institution of the household responsibility system in rural China transferred the income rights over agricultural production from collectives to individual households. While this significantly enhanced the production incentives of peasants, the change deprived local governments of a major source of income. At the same time, China's fiscal reform granted local governments the right to retain part of the extra tax revenue they raised. That is, the higher the economic growth rate, the higher the tax revenue, and the greater the income of local governments. Given such a stake in economic growth, local governments were motivated to mobilize and coordinate resources under their jurisdiction to engage in entrepreneurial endeavors. They established and ran rural enterprises and took the profits to pay for expenditures and reinvestment. In such a way, local governments functioned like a large corporation with diversified businesses, thereby serving as the engine of China's economic development.[1]

In Oi's view, her LSC thesis explains why China could achieve rapid economic growth without privatization, why Chinese officials have not been resistant to the reform, and why the Chinese state has been developmental rather than predatory. These phenomena indeed represent important challenges to NPE. Recalling Adam Smith, NPE starts with the view that individuals are ultimately self-interest seekers. They will engage in economically productive activities only if they have maximum control over the value they produce. Thus, ownership of private property is a prerequisite for economic prosperity. Applied to the case of China, NPE holds that privatization is a necessary, though not sufficient, condition for the country to make the transition from a central command system to an efficient market economy. The World Bank, the most influential institutional advocate of such a view, thus contended that "the [Chinese] government should *completely withdraw from* inherently competitively structured industries where small and medium sized firms predominate."[2] While China's nonstate enterprises have been able to grow rapidly for almost two decades without the formal privatization of state enterprises, "the limits of this strategy may be ap-

[1] Jean C. Oi, "Fiscal Reform and the Economic Foundations of Local State Corporatism in China," *World Politics* 45 (October 1992).

[2] The World Bank, *China's Management of Enterprise Assets: The State as Shareholder* (Washington, D.C.: World Bank, 1997), xiii, italics in original.

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proaching," the World Bank said.[3] Such an NPE view has been echoed by scholars both in the West[4] and China.[5]

Another major proposition of NPE is that state bureaucrats, like individuals in the market, are also self-interest maximizers. Only different institutional environments give rise to different behaviors between market individuals and state bureaucrats. Given hard budget constraints, individuals in a market economy based on private property rights are conditioned to be self-utility maximizing, resulting in a Pareto-efficient distribution of resources. In contrast, state bureaucrats could achieve an "authoritative allocation of values" by exercising political power. Given such privilege, they are constantly tempted to extract resources from the economy using nonmarket measures. To protect vested interests, bureaucrats will resist any reform that aims at withdrawing political influence in the market. States thus tend to be predatory rather than developmental.

Using the above perspective, Yves Chevrier has shown how China's system of factory director responsibility failed due to resistance from vested interests of the party. The difficulty with China's reform is that "the existing power structure would have to find enough internal strength to reform itself while reforming the economy and society."[6] More specifically, Nigel Harris and David Lookwood argue that since communist states emphasized national defense, communist vested interests tend to concentrate in military industries. Hence, as in Russia, Vietnam, and Ukraine, the military industrial complex in China has been particularly resistant to privatization. As a result, the Chinese effort to transform the "war-making state" into a "market-facilitating state" has instead resulted in the creation of a "rent-seeking state."[7]

Duckett: China as an Entrepreneurial State

As mentioned, the LSC thesis proposed in Oi's 1992 article was the first major attempt to show how China has proved an exception to NPE

[3] The World Bank, *Bureaucrats in Business: The Economics and Politics of Government Ownership* (Washington, D.C.: World Bank, 1995), 75.

[4] Wing Thye Woo, "The Art of Reforming Centrally Planned Economies: Comparing China, Poland, and Russia," *Journal of Comparative Economics* 18 (June 1994).

[5] Shaoguang Wang, "Learning by Debating: The Changing Role of the State in China's Economy and Economic Theories," *Policy Studies Journal* 23 (1995), 17.

[6] Yves Chevrier, "Micropolitics and the Factory Director Responsibility System, 1984–1987," in Deborah Davis and Ezra F. Vogel, eds., *Chinese Society on the Eve of Tiananmen: The Impact of Reform* (Cambridge, Mass.: Council of East Asian Studies, Harvard University, 1990), 131.

[7] Nigel Harris and David Lockwood, "The War-Making State and Privatization," *Journal of Development Studies* 33 (June 1997).

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analysis. Duckett's *The Entrepreneurial State in China* is a further exploration of this issue. According to Duckett, post-Mao China is an "entrepreneurial state" (ES) characterized by the following major features: (1) the basic actors are individual state bureaus and their subordinate agencies; (2) these bureaus are directly involved in business; (3) they establish new profit-seeking businesses; (4) the new businesses are also risk-taking; (5) the state is adaptive to market reforms; and (6) ES activities are potentially productive and are thus not necessarily rent-seeking (pp. 14–15, 155–60).

While Oi focused on governments at the village, township, and county levels, Duckett narrows the unit of analysis to state bureaus. According to Duckett:

> The ES model focuses not on local government as a unitary actor, but on its constituent departments. It examines and describes the separate and autonomous profit-seeking economic activities of individual departments, explaining them as undertaken for the benefit of those individual departments, rather than for the development of the locality as a whole." (p. 13)

With the engagement of state bureaus in profit-seeking and risk-taking activities, Duckett argues, China has emerged into an ES rather than a predatory state. She believes that this has invalidated NPE's analysis (pp. 5–11). But from the viewpoint of NPE, Duckett's focus on the activities of bureaus does not provide sufficient basis for micro-analysis. According to NPE, the basic unit of all social analyses should be individuals who share the same utility-maximizing natural desire. Human behavior must be explained in terms of the payoffs to the individuals involved rather than to any group to which they belong. Duckett "accepts that policy implementation and other 'state' activities are in the hands of individual officials" (p. 10). Throughout her analysis, however, she focuses on state bureaus, not individual bureaucrats.

The focus of Duckett's ES model (bureaus) is thus wider than that of NPE (individual bureaucrats) but narrower than that of LSC (local governments). The question then is, Why do bureaus provide a more meaningful level of analysis than individual bureaucrats and local governments? While deviating from NPE's individualist approach, Duckett identifies, in passing and in just two paragraphs, some personal incentives for officials to become entrepreneurial: higher status, more income, a better working environment, and diversion from the usual routine (p. 166). Haven't these ultimate concerns changed individual bureaucrats from opponents to supporters of market reforms? As long as *personal* incentives matter, the NPE rather than the ES perspective is

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more relevant. For NPE, the disaggregation of local governments into individual bureaus could be useful if the change in group size is shown to have an impact on the tendencies to free ride and on principal-agent relations. But Duckett makes no efforts along these lines.

Duckett claims that she "criticises NPE not for its individualist method, but for its neglect of the context in which officials operate." Her examination of the responses of state officials to a particular set of structural constraints is, she thinks, "able to show how officials may adapt to marketisation if they can benefit from the opportunities that reform generates. State officials need not only seek to maintain the *status quo* to preserve vested interests; in some contexts they may have an interest in promoting reform" (pp. 10–11). What are those "contexts"? According to Duckett, several institutional changes have caused the emergence of the Chinese ES. In the first place, state bureaus have been subjected to increasing financial burdens as their tasks grow and expenditures rise on the one hand, but revenue falls on the other. State bureaus thus established new businesses not only to generate income but also to provide career outlets for officials laid off as a result of the state's reorganization. At the same time, the emergence of a nascent market in a still state-controlled economy, the continuation of communist party control and the work-unit system, and changing social attitudes toward doing business have facilitated state bureaus' engagement in profit-seeking activities. (pp. 161–65)

Aren't the above institutional changes almost the same as those described by Oi in her LSC? Failing to show that the institutional constraints that apply to bureau officials are more important than those that apply to local government officials, Duckett makes no real improvement to the LSC analysis. Duckett contends that as ideal types the LSC and ES "refer to quite different distinct kinds of activity." The essence of LSC is "non-profit-seeking co-ordination by local government to promote balanced local development," whereas ES "involves the individual, profit-seeking business activities of state bureau" (pp. 12–13). While emphasizing such distinctions between LSC and ES, Duckett also notes that the two models might be compatible with each other: "Since state entrepreneurialism refers to only one dimension of state activity, it may exist within developmental local governments. Governments may co-ordinate the promotion of developmental and infrastructural projects while still allowing individual departments to run businesses" (p. 173). If so, then when should each model be applied? Duckett answers, "If state entrepreneurialism were a dominant feature of activity within local governments, that would justify use of

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the term ES as a description. If entrepreneurialism were less developed than co-ordinating activities, then the [LSC] might be the better characterisation" (p. 174). Hence, whether bureaus or local governments serve as the basic unit of analysis becomes unimportant, as both bureaus and local governments can be entrepreneurial or developmental. Then why differentiate between ES and LSC?

In fact, the above distinction that Duckett makes between LSC and ES does not seem meaningful. Under LSC, local governments not only coordinate economic activities; they also own and run rural enterprises.[8] Duckett criticizes Oi for making "occasional reference to individual bureaux' [*sic*] activities within the local corporatist state, [making it] unclear just what 'local government' refers to" (p. 173). But for Oi, bureaus and other kinds of local government organizations are alike in the sense that they may all engage in business activities. It is thus unnecessary to make any specific distinction between them.

GORE: CADRES AS BUREAUCRATIC ENTREPRENEURS

Gore's *Market Communism* also quotes Oi's LSC thesis. He even argues that LSC exists not only in Chinese villages but also in cities. According to Gore, "In so far as the institutional mechanisms of local state corporatism is concerned, I am in full agreement with these authors [including Oi]. And as such, local state corporatism exists not only in rural communities but in cities as well" (p. 160). This notwithstanding, Gore differs from Oi in his basic unit of analysis. While Oi was concerned with the response of local governments to institutional changes, Gore focuses on the behavior of individual bureaucrats.

Gore asks the central question, "What has *motivated* the dominant economic actors in the Chinese economy to *generate* such a long, sustained boom" (p. 13)? The dominant economic actors in reform China, according to Gore, are "bureaucratic entrepreneurs" (BEs). They are primarily "leading cadres" of the localities who are directly engaged in business activities aimed at promoting economic expansion (pp. 5, 96–97). By disaggregating local governments and bureaus into individual officials, Gore brings his analysis closer to the starting point of NPE than Oi or Duckett.

However, adopting a rather postmodernist stance, Gore argues that individual rationality is not inherited but is "socially constructed" (p. 28). That is, individual preference is defined by the institutional setting

[8] Oi (fn. 1), 115–22.

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rather than by birth. Under private property rights, capitalist entrepreneurs react to "market profit alone" (p. 276). Reassignment of property rights, however, has little effect on the incentives of BEs. Noting that the earnings of private entrepreneurs were substantially higher than that of BEs, Gore writes: "If [BEs] are motivated by private financial gains alone, they would be better off to become private entrepreneurs" (p. 103).

In Gore's view, "private property rights play little or no role as an incentive" for BEs' activities, because BEs are "embedded in the basic institutions of Communism—the party-state hierarchy and its economic apparati." As such, their interests are intertwined with those of the communities their offices represent. Being simultaneous agents of the state and representatives of the community, they "pursue not only an economic rationale but also political and social objectives that come with their official status" (p. 101). Politically, BEs seek to advance within the hierarchy. Given bureaucratic competition and "the developmental pressure from above," they are induced to speed up local economic growth, as this would become an asset for political promotion. Socially, BEs try to satisfy as much as possible the social welfare demands within their organizations because of their commitment to their own work unit and the need for securing cooperation from their constituents. Only with continuous rapid economic growth can the rising demand for social welfare be met (pp. 106–13).

While playing down the importance of economic incentive, Gore notes that BEs do have economic concerns. However, like the above political and social factors, the economic interests of BEs are intertwined with those of their communities. "When they bargain for policy concessions, state subsidies and other resources on behalf of the community, they bargain for all the members including themselves; when they engage in 'group consumption', they are simultaneously engaged in private consumption" (p. 114). BEs often use their power and other communal resources under their control to start businesses. Yet, the purpose is not solely for private gain but "to generate additional income for their members" (p. 117).

Gore thus paints a picture in which there is no conflict between private and public interests. BEs strive for local development because it serves not only their personal but also their communal interests. Their personal welfare merges with the community. Gore argues that China has seen such results through its institutional setting, which is characterized by "a state-centred political economy" with continued public ownership and state administration of the economy on the one hand,

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but weakening central control and emerging market forces on the other. "The mix feature[s] a unique combination of continued state-centricity and increased diversity and flexibility, and permits a market dynamism to emerge from amongst state hierarchies" (pp. 94–95).

In such a way, Gore claims that he provides an explanation of a phenomenon that NPE rejects as an accident—that a state can be developmental rather than predatory. He writes, "Proper institutional engineering can help to produce an incentive structure that may successfully contain the predatory tendencies of state elites. It may also be able to sustain a pattern of interaction among individual actors that can maintain the overall developmental orientation of the state." In Gore's view, his BE model "seems to be the only logical explanation for the puzzle of the developmental state" (p. 282).

Is this so? The answer depends on how we distinguish between developmental states and predatory states. If defined by outcome, there may be little question that China is a developmental state, as evidenced by the fact that the state-led reform has produced a two-decade growth. Yet, to define by outcome inevitably results in a tautology. An alternative is to define by a state's policies. Thus, a predatory state is one "whose policies can be shown to have benefited a monolithic self-seeking ruler and/or a bureaucratic elite," whereas a developmental state is one "that takes strong and direct measures to bring about economic development."[9] Conceptually such an approach seems more useful. But the question remains that if the strong and direct measures that bring about national development also benefit self-interest-maximizing bureaucrats at the same time, is the state developmental or predatory? This is exactly the difficulty that Gore created. When such an incentive system is in place, as Gore describes in his discussion of "bureaucratic entrepreneurialism," it can link bureaucrats' private interests with the national goal. Can we then still distinguish a developmental state from a predatory state? This is in fact a common methodological problem in the developmental state versus predatory state debate.

Perhaps more importantly, is the harmonization of private and public interests really a solution to this problem? Consider the case of a municipal economic bureaucrat in charge of a city's development plan in a liberal-capitalist state. The bureaucrat's private interests include personal income, career, and power. If the city prospers, he/she will reap rewards in all three categories—higher pay, greater chances of promo-

[9] Christer Gunnarsson and Mats Lundahl, "The Good, the Bad and the Wobbly: State Forms and Third World Economic Performance," in Lundahl and Benno J. Ndulu, eds., *New Directions in Development Economics* (London: Routledge, 1996), 257–58, 270.

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tion, and increased authority on the job. That is, consistency between private interests and public interests, as depicted in Gore's BE model, could also exist in a liberal-capitalist system. Yet, this might not prevent the liberal-capitalist bureaucrat from placing private interests above public concern. We thus have no reason to expect the predatory tendencies of state bureaucrats under bureaucratic entrepreneurialism to be weaker than under liberal-capitalism. In Gore's view, predatory BEs may at the same time perform developmental functions. But so could their liberal-capitalist counterparts. The unique institutional structure in Gore's BE model simply produces no unique outcome.

Like Duckett, Gore also attempts to account for the apparently weak bureaucratic resistance to market reform in China. While Duckett explains this in terms of bureaus' interests in reform, Gore argues that "the rapid changes and the still-weak legal and procedural basis for coalition-building and other forms of effective political mobilizaton and political participation" in China have so far prevented the retrenchment of vested interests. As a result, bureaucratic resistance to reform "has been mostly passive and reactive, and has not been sustainable in the long run. Indicative of this is the fact that *the centre has eventually been able to push through all major reforms that it deems as essential, despite lengthy and repeated delays caused by local resistance*" (pp. 292–93, italics added). Here Gore makes no reference to his BE analysis. To the contrary, he contradicts his BE model by suggesting that central officials are developmental while local bureaucrats are predatory.

Steinfeld: Constraints as Impetus to Growth

While Oi asked the question, How could China achieve economic growth without privatization? Steinfeld in *Forging Reform in China* asks just the opposite, Why has privatization in China not produced the economic efficiency that property-rights analysis would predict (p. 36)? Oi's question assumes that privatization has not taken place in China. But according to Steinfeld, "although Chinese reformers may not speak the language of privatization, they have certainly internalized the logic" (p. 34).

The reason for the apparent difference between Oi's and Steinfeld's theories is that Oi based her 1992 article on surveys of township and village enterprises (TVEs) conducted during the period 1986–91,[10] and

[10] Oi (fn. 1), 102.

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Steinfeld, in his 1998 book, wrote about the more recent reform of large industrial state-owned enterprises (SOEs). When Oi carried out her study, privatization of TVEs was inhibited by political constraints. But when Steinfeld conducted his research, privatization of SOEs was taking place under the name of corporatization, a program that includes the evaluation of firm-level assets, issue of shares to private investors, and requirement of real returns on investment (p. 122). The two authors thus address different processes taking place in different sectors during different periods.

Yet, this does not mean that Oi and Steinfeld share no common ground. According to Steinfeld, privatization in China, as in Russia and Eastern Europe, has not brought about any significant improvement in economic efficiency. Rather, "in China today, the state firms that exhibit behavior most associated with private enterprise in the West—value maximization, strict budgeting, rational investment strategies, efficiency maximization—happen to be among the *least* privatized in the country. . . . Proximity to some forms of state control *is* affecting performance, but in the opposite way from what traditional property-rights theory would predict." In other words, like Oi, Steinfeld found evidence of growth *without* privatization in China. Steinfeld calls it "the great paradox of Chinese SOE reform" (p. 38).

The problem with applying property-rights analysis to transition economies, Steinfeld argues, is that two fundamental theoretical assumptions do not hold. First, for privatization to work, the principle of "rule of law" must be upheld so that "rights" can be made into really "enforceable claims." The socialist economies from which transition systems evolved, however, were ruled by commands, not law. What is required, therefore, is not privatization or the transfer of property rights but the creation of such rights from scratch. Since only the state has the legitimate authority to create rights, it is the solution to, as well as a cause of, economic inefficiency (pp. 38–40).

Steinfeld is of course right in emphasizing the importance of rule of law in the maintenance of private property rights. But the fact remains that some forms of private-property rights legislations have already been introduced in Russia, Eastern Europe, and more recently, China. While it is true that the rule-of-law condition was absent in former socialist countries, it may not be completely correct in today's transition economies. More importantly, it is not clear why the creation of private property rights and privatization should be treated as two separate strategies, as Steinfeld has done. Shouldn't the creation of private property rights be an indispensable component of privatization?

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The second assumption of property-rights analysis Steinfield found problematic is that individuals are regarded as the basic economic actors. Given private ownership, rational economic beings are expected to maximize their personal utility, leading to Pareto-efficiency. "The problem is that transitional systems are industrialized economies. Because they are industrialized economies, the relevant economic actors are firms, and often extremely large firms at that." Steinfeld's unit of analysis (firms) is thus different from that of Oi (local governments), Duckett (bureaus), and Gore (individual officials). "Once firms are taken to be the major actors, however, the terms of debate shift dramatically. Property rights per se, particularly the degree to which those rights can be brought together and merged into the hands of clearly specified owners, recede in importance. Instead, a host of new issues take precedence" (p. 40). Steinfeld then goes on to show how the principal-agent problem characterizes modern industrial enterprises (pp. 40–44).

Transitional systems, as Steinfeld noted, are industrialized economies. But so are developed capitalist systems. Should we therefore also replace individuals with firms as the basic unit of analysis in capitalist economies? The principal-agent problem does illustrate the complexity arising from the separation of ownership from control; it shows that private property rights may not be a sufficient condition for efficient corporate governance. But to use it as an argument against the importance of privatization in transition economies is rather far-fetched. Finally, the principal-agent problem arises exactly because agents are found to be self-interest-seeking individuals rather than loyal servants of the firms they serve. Firms' behavior, therefore, is ultimately determined by individual rationality.

Dissatisfied with property-rights analysis, Steinfeld proposes what he calls a "constraints-based approach." In his view, the determining factor of enterprise behavior is the degree of hardness of budget constraint rather than ownership.

> For the specific case of Chinese SOEs, an important variable to focus upon is access to soft subsidization—more specifically, access to the state banking system. Once firms have access to unlimited bailout loans, pressure to shift over to market-oriented behavior decreases for government regulators and enterprise managers alike. Opportunities for rent seeking are created, and ultimate constraints—namely, the bankruptcy and liquidation of the firm—never quite materialize. Predatory state taxation and managerial distortions of performance data can go on unabated. . . . In short, even as ownership is held constant, varying the firm's access to the banking system shapes the degree to which relevant economic actors engage in market-oriented behavior. (p. 47)

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Hence, "*the imposition of hard budget constraints should be the prime goal of transitional reform*" (p. 247, italics in original).

According to Steinfeld, his constraints-based approach differs from property-rights analysis in that his approach views reform as a "clamping down," whereas the latter approach sees it as a "loosening up" (p. 9). Instead of assuming that economic dynamics will emerge once actors are granted certain property rights, Steinfeld holds that efficiency can be obtained only by imposing hard budget constraints on them. "Behavioral change is viewed not as a spontaneous response to new freedom but rather as a forced response to new pressures and strictures" (p. 229). Here Steinfeld mistakenly treats his constraints-based approach and property-rights analysis as two competing theories. Property-rights analysis does emphasize the importance of freeing economic actors to pursue personal interests but the general equilibrium is the condition that all individuals make optimal choices subject to hard budget constraints. It is the interactions between rights and constraints that result in Pareto-optimality.

For Steinfeld, Oi's notion of LSC is a property-rights analysis and is thus defective in its neglect of constraints. He challenges LSC by asking, Why are TVEs successful only in southern China but not in the inland or northern areas? While all local governments in the country are granted income rights over TVEs, why are there such regional differences in outcome? Applying his constraints-based approach, Steinfeld explains that due to the traditional secondary position of the south in China's command economy, state subsidies are less available in the south than in the inland and the north. It is thus the difference in the degree of hardness of budget constraints rather than ownership that accounts for the different economic performance of TVEs (pp. 237–41).

In her more recent work, Oi addresses this question of regional disparity without referring to Steinfied (see below). But to the extent that Steinfeld's criticism is valid, it is the problem of LSC, not of property-rights analysis. Moreover, if Oi committed the error of neglecting constraints, then Steinfeld incorrectly forgot the importance of rights. Property-rights analysis emphasizes both rights and constraints; rights must work with constraints and vice versa. It is Steinfeld who mistakenly separated the two.

Finally, while Duckett and Gore both attempt to show that states can be developmental, Steinfeld's constraints-based approach lends support to NPE's predatory state thesis. According to Steinfeld, "When the large firm is state-owned, predatory agencies extract profit in their

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role as owners. If the firm is declared 'private,' those same agencies will extract tax money in their role as agents of governmental authority" (p. 62). That is the state will be predatory whenever possible, irrespective of ownership form.

Oi: Local State Corporatism Revisited

In *Rural China Takes Off,* Oi presents her latest version of LSC. While noting that the new tax system instituted in 1994 has reduced localities' claim to the residual, Oi believes that her LSC analysis is still valid. The reform has increased the center's share of tax revenue, but in absolute terms local governments have been guaranteed a minimum income not less than the 1993 level. More importantly, localities have retained their exclusive rights over a wide range of income, including sales tax, local-enterprise income tax, and individual income tax. Hence, in Oi's view, the incentives for practicing LSC have remained (pp. 54–56).

However, Oi is rather unresponsive to the works reviewed above, which all center on her LSC thesis. Duckett's ES analysis is used by Oi to supplement her point that local governments, given sufficient incentive and resources, can assume an entrepreneurial role. Oi notes that her study "recognizes that there are also distinct interests within local governments" (p. 193). But whether this necessitates narrowing the unit of analysis from local governments to bureaus, as Duckett does, is not discussed. Gore's study, which further disaggregates local governments and bureaus into individual bureaucrats, is not even included in Oi's bibliography.

While Oi focuses on local governments, her attitude to their basic components—individual officials—is ambiguous. She says that "there is no need to make assumptions about the nature of communist officials—either . . . they are corrupt or . . . they are motivated by lofty ideals that lead them to want to enrich their communities" (p. 6). Shortly thereafter, however, we find the following statement: "[This book] begins with the simple premise that local officials in a communist system, like officials in any political system, are rational actors who respond to incentives and existing constraints within the limits of their cognitive ability to evaluate alternatives and process information" (p. 7).

Indeed, only with such an NPE assumption do we find Oi's discussion of personal incentives relevant. According to Oi, fiscal contracting granted local governments autonomy in the use of residual they generated. "On a personal level, increased revenues in local government cof-

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fers directly translated into lucrative (and legal) economic rewards for local officials. Local governments used the residual for bonuses. Linking cadre bonuses to the size of the residual gave local officials a direct stake in economic growth" (p. 49). Besides earning bonuses, individual officials who achieved outstanding economic growth in their localities were promoted to higher ranks within the bureaucratic hierarchy (p. 102). These personal incentives explain why Chinese officials were motivated to promote economic growth and not to obstruct market reform. They are the secret of the Chinese experience. As Oi notes, "China's economic reforms took off in many parts of the countryside precisely because the key entrepreneurs leading the charge were those who had the economic and political resources—the cadres themselves" (p. 192).

The above analysis should bring Oi in line with the NPE school, which emphasizes individuals as the basic unit of investigation. In fact, Oi claims that her study "is an institutional analysis of economic development at the local level that *views local officials as political economic actors* distinct from the central state" (p. 9, italics added). However, she does not adhere to such an approach. In most of her book Oi treats local governments rather than individual bureaucrats as the basic actors. For example, she writes, "[Even though the rights to residual] were granted to governments, *not individuals*, the re-allocation of property rights gave localities positive inducements to promote rapid economic growth" (p. 28, italics added). Here Oi tends to trivialize the importance of personal incentives.

The shift away from individual bureaucrats to local governments led Oi to the non-NPE view that privatization is not necessary. According to Oi, the success of the public-owned TVEs in China proved that growth can be achieved without privatization (p. 56). She claims that her study shows that "*individuals* need not have property rights over enterprise profits for economic growth to occur. Growth occurs as long as there are property rights for some organized entity. Local governments, if they have sufficient incentive and resources to pursue growth, can assume an entrepreneurial role" (p. 193, italics in original). Hence, in Oi's view, there is "no inherent reason why only individuals or privately held companies, as distinct from governments, can be entrepreneurs" (p. 10).

Oi overlooks her point that Chinese local governments can be distinguished from their counterparts in capitalist countries by their "corporatist" characteristics. According to Oi, the term LSC "was used primarily to highlight the workings of local government and the economy that it oversees as a corporation. . . . Local governments ran their

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firms as diversified corporations, redistributing profits and risks, and thereby allowing the rapid growth of rural industry with limited resources" (p. 12). It is important to note that the corporations which Oi compares with Chinese local governments are privately owned entities, that is, the essence of LSC is that Chinese local governments are run like *private* corporations. Individual officials took bonuses from local governments' tax revenue, just as shareholders received dividends from joint stock companies. In the sense that public money (tax revenue) has been translated into bureaucrats' private property through such "corporatization," privatization has actually taken place in China, however informal it has been. Thus, Oi's assertion that China has achieved economic success *without* privatization is not entirely correct.

Regarding Steinfeld's critique, Oi's response is rather enigmatic. She cited Steinfeld as an example of those who "have suggested that China's rural industry would be just where it is today, even without state intervention, simply as a result of market forces" (p. 4). Nowhere can we find in Steinfeld's work any such statement. What he did say is that the rural economic takeoff in China has not been a "national" phenomenon; rather, it has been restricted to "areas neglected during the command period," such as the southern provinces (p. 235). Steinfeld's point is not that market forces have prevailed in these neglected areas. Instead, he uses the regional differences to ask Oi the very valid question, If fiscal contracting is the cause of China's rural prosperity, then why has this national reform worked only in the south but not other areas? As mentioned above, utilizing his constraints-based approach, Steinfeld explains this in terms of the difference in the availability of soft credits among Chinese regions.

Without referring to Steinfeld's point, Oi acknowledges the problem of variation of growth as follows:

> All parts of China's countryside were subject to the incentives embedded in decollectivization and the fiscal reform, but only a portion of the countryside has successfully developed rural industry. Some areas have been left out of the overall trend of industrial growth and the prosperity that has come with it. *In those areas that have succeeded in industrializing,* various forms of ownership have been adopted. Some counties, townships, and villages have relied primarily on collectively owned enterprises, whereas others have favored private ownership. (p. 58, italics added)

Two questions arise from these statements. First, why have the nationwide economic incentives produced growth only in some but not all rural areas? Second, within those areas that have achieved industrialization, why have some adopted mainly collective ownership while oth-

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ers have more privately owned enterprises? Oi argues that the economic incentives provided by fiscal contracting were intervened by the political attitude toward private ownership. She devotes most of Chapter 3 to show how the political factor has affected the form of ownership *in areas that have succeeded in industrializing*. That is, Oi addresses the second question, although not necessarily satisfactorily, and does not even tackle the first (and perhaps more important) question. Steinfeld identifies this as the central methodological problem of LSC: "By examining only situations in which TVEs have thrived, LSC approaches commit the error of selecting on the dependent variable, to use social science terminology. By trying to explain what they themselves define as a constant (TVE growth) and then by selecting only successful TVEs, LSC proponents have no way of proving that state intervention is the key" (p. 237).

Toward the end of her book, Oi writes: "In most villages, the determining factor is the degree of local industrialization. Local governments that control a primarily agricultural, particularly grain-based, economy have few options other than to levy ad hoc surcharges and various other fees and penalties. [LSC] is unlikely to exist in such villages. The greater the level of industrialization, the more likely that the local government will act in a corporate manner to intervene, extract, and redistribute income" (p. 191). On this point Oi seems to be confused about the direction of her explanation. Is it LSC that has facilitated rural industrialization or vice versa?

Conclusion

The four works reviewed above enhance our knowledge of China's reform but they do not adequately establish China as a case to refute the NPE perspective. Deviating from the NPE's axiomatic approach of treating single individuals as the basic political and economic actors, Oi, Duckett, and Steinfeld respectively focus on the behavior of local governments, bureaus, and firms. But they all fail to explain why their units of analysis, when compared with individual bureaucrats, are more relevant respondents to institutional changes. Gore alone focuses on individual bureaucrats. Yet his argument that China's institutional setting can produce altruistic bureaucrats is unconvincing.

However, the failure of these searches for non-NPE explanations does not imply that the NPE approach is adequate. In fact, so far NPE has not provided a satisfactory answer to the China puzzles either. To generate some kind of consensus on the issue, I would like to suggest the following methodological, empirical, theoretical, and comparative direc-

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tions for future research. Methodologically, to solve China's economic "miracle," we must start with NPE's egoistic assumption because we have sufficient grounds to believe that Chinese bureaucrats have adopted such entrepreneurial behavior purely out of self-interest. There is ample evidence showing that Chinese bureaucrats make use of their public positions to reap private gains, and it is often hard to distinguish their "entrepreneurial" activities from corruption. It is exactly the existence of such bureaucrats that makes the Chinese case puzzling. The NPE perspective has the strength of identifying the China puzzles, and the challenge is to explain these puzzles without departing from NPE's individualistic starting point.

Empirically, we need further research to show how real the puzzles are. For example, a common measure must be established to determine the extent of privatization that has, or has not, taken place in China. This must be done before tackling Oi's question about how China could achieve economic success without privatization and Steinfeld's opposing question about why privatization in China has failed to produce economic efficiency. Likewise, before attempting to explain why Chinese bureaucrats have not been resistant to market reform, more detailed empirical work should be carried out to examine whether any geographical, sectoral, and generational variations in bureaucratic resistance exist. This will improve the focuses of our analyses. Finally, clear and operationalizable criteria must be identified to distinguish between developmental and predatory behaviors. As mentioned, this is particularly necessary, and also particularly difficult, in situations where the incentive system seems to be able to harmonize conflicts between personal and public interest.

Theoretically, insights can be sought from the ongoing collaboration between NPE and institutionalism. While NPE explains behavior in terms of utility maximization of egoistic individuals, institutionalism emphasizes the importance of institutional constraints. The complementarity of the two approaches has produced a fast-growing literature.[11] In fact, some applications of such joint perspectives have been made to the Chinese case,[12] but they do not tackle directly the puzzles that concern us. Efforts along these lines will involve the identification

[11] B. Guy Peters, *Institutional Theory in Political Science: The New "Institutionalism"* (London: Pinter, 1999), 43–62.

[12] Steven N. S. Cheung, *Will China Go 'Capitalist'?* (London: Institute of Economic Affairs, 1986); Steven L. Solnick, "The Breakdown of Hierarchies in the Soviet Union and China: A Neoinstitutional Perspective," *World Politics* 48 (January 1996); and David L. Wank, "The Institutional Process of Market Clientelism: Guanxi and Private Business in a South China City," *China Quarterly* 147 (September 1997).

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of the institutional constraints that previous research may have neglected and an explanation of how Chinese bureaucrats have responded to these constraints in a way that makes the Chinese case so special. However, the limitations of such an approach must be specified to avoid making nonfalsifiable conclusions.

Comparatively, it would be useful to situate the Chinese case within the larger perspective of transitions in other postcommunist countries. In particular, Russia would be a good case for comparison, as it shares with China a similar background of indigenous communism but diverges sharply in terms of reform performance. Some have argued that such a comparison is inappropriate since China has some unique favorable initial conditions, such as a deeper sense of crisis, a less centralized agricultural sector, greater availability of surplus labor, a shorter history of communism, higher saving habits, and stronger ties with its emigrant community.[13] However, others have contended that no comparison is perfect. Instead of passively enjoying the favorable setting, China has actively promoted some "right" policies, including adopting an incremental approach, prioritizing agricultural and light industrial reforms, and opening foreign trade and investment.[14] The larger questions are, What leads China to such "right" policy choices? Are they outcomes of specific institutions? If so, are these institutions transferable? After all, it is the transferability of the Chinese experience that has the most practical implications.

In conclusion, the Chinese reform has provoked intellectual rethinking of the NPE perspective. The four works reviewed here represent different attempts in this regard. None of them, however, offer a better alternative. The search for the secret of China's economic "miracle" must be continued.

[13] Anders Aslund, *How Russia Became a Market Economy* (Washington, D.C.: Brookings Institution, 1995); Yuan Zheng Cao, Gang Fan, and Wing Thye Woo, "Chinese Economic Reforms: Past Successes and Future Challenges," in Woo, Stephen Parker, and Jeffrey D. Sachs, eds., *Economies in Transition: Comparing Asia and Eastern Europe* (Cambridge, Mass.: MIT Press, 1997).

[14] Marshall I. Goldman, *Lost Opportunity: Why Economic Reforms in Russia Have Not Worked* (New York: W. W. Norton, 1996); and Barry Naughton, "China's Economic Success: Effective Reform Policies or Unique Conditions?" in Kazimierz Z. Poznanski, ed., *The Evolutionary Transition to Capitalism* (Boulder, Colo.: Westview Press, 1995).

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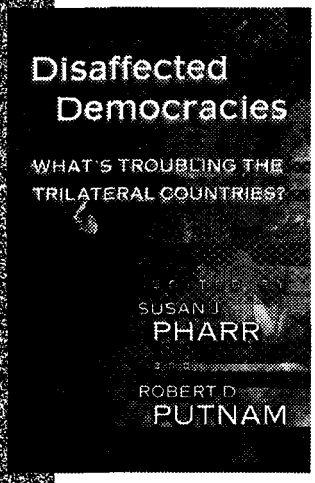

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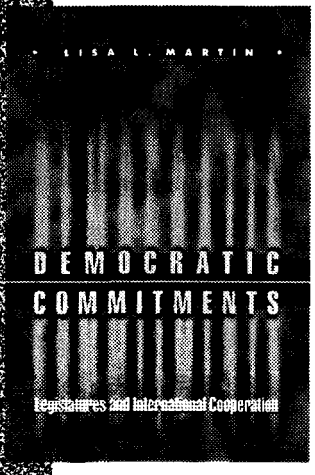

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